

Weinberger Sees Wider Threat By Iran Unless U.S. Acts in Gulf

WASHINGTON — Defense Secretary Caspar W. Weinberger, elaborating on President Ronald Reagan's defense of U.S. policy in the Gulf, said Tuesday that a failure to protect Kuwaiti shipping would risk an escalation of Iranian threats against neutral Gulf states.

"We understand the risks involved in our strategy, particularly the protection of shipping arrangements with Kuwait," Mr. Weinberger said in a report to Congress.

The report set out in detail the Reagan administration's plan to protect 11 Kuwaiti ships from possible attacks from Iran and reinforced President Reagan's statement Monday night that a failure to act would be a virtual invitation to the Soviet Union to become the dominant power in the Gulf.

"If we don't do the job, the Soviets will," Mr. Reagan said in a nationally televised speech, defending his plan against mounting Democratic criticism.

It seems to me we're being tweaked a bit by Kuwait because the president says if we don't do it the Soviets will," Mr. Nunn said in a television interview. "Well, guess who invited the Soviets to come in? That was Kuwait, the same people we're now protecting."

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Kiosk Poles to Accept A U.S. Envoy

WARSAW (AP) — Poland said Tuesday that it has agreed to exchange ambassadors with the United States, ending its four-year veto on accepting a new U.S. envoy in Warsaw.

The government spokesman, Jerzy Urban, said that "both sides have agreed upon accepting their ambassadors." Further steps were still required, he said, noting that they had "more a technical than a political dimension."

Source said neither side has submitted names of candidates for the posts and that final agreement could be months away. But Mr. Urban's decision to answer a question about the issue indicated that Poland could be prepared to submit a candidate's name, they said.

EC 'Is Not Going Well,' Belgian Official Says

STRASBOURG, France — The European Community has more than ever lost direction, giving its 12 government leaders an almost impossible task at their summit meeting this month, the Belgian foreign minister, Leo Tindemans, said Tuesday.

In a gloomy review of the past six months, in which Belgium has held the EC presidency, Mr. Tindemans said: "More than ever we have the impression we do not know what we want. Europe is not going well."

Belgium is due to hand over the presidency to Denmark next month.

Despite strenuous efforts to find compromise agreements, the EC has been deadlocked on virtually every major issue.

It faces a choice of bankruptcy or massive spending cuts because ministers have not agreed on how to deal with this year's budget deficit.

Farm ministers are deadlocked on ways to check soaring farm spending, which consumes more than two-thirds of the annual budget. Other ministers are divided on issues ranging from how much to spend on research to the liberalization of trade.

"The leaders of decisions now face the leaders of the EC nations at their meeting in Brussels on June 29 and 30."

"But will they discuss the price of milk?" Mr. Tindemans asked at a news conference called to highlight the extent of decision-making required by the summit meeting.

"Never before has a presidency ended with such pressure put on the summit," he told the European Parliament earlier.

Mr. Tindemans, however, refused to accept that Belgium was responsible for the failures coming under the term of its presidency, which has seen the traditional hard-liners Britain and West Germany pitted against other mostly Mediterranean states on issues in community spending.

Asked what hopes he had of progress at the summit meeting, Mr. Tindemans said, "I have none."

He said Prime Minister Wilfried Martens of Belgium would tour EC capitals ahead of the summit meeting to push for agreement on three key areas: sorting out the 1987 budget deficit, reforming farm spending and introducing a new system of financing for next year.

"If the heads of government were not to come up with some indication as to how these problems can be resolved," he said, "I would really feel like giving up."

The Belgian presidency has also overseen an EC diplomatic initiative to support an international peace conference on the Middle East. But the initiative, which took Mr. Tindemans to Egypt, Jordan, Saudi Arabia and Israel, was abandoned because of internal divisions in Israel on the issue.



A demonstrator hurling a stone at the police at Hanyang University in Seoul on Tuesday.

Protests Spread In Provinces but Seoul Is Calmer

By John Burgess
Washington Post Service

SEOUL — Anti-government demonstrations in central Seoul died down Tuesday but elsewhere students kept up strong pressure with a new wave of rallies, some of which erupted into exchanges of tear gas and firebombs.

More than 40,000 students from 57 universities took part Tuesday, according to the Yonhap News Agency.

In the southern port city of Chinju, radicals were reported to have attacked two police posts, smashing windows.

Meanwhile, new hitches developed in political negotiations that are supposed to help resolve the crisis, which began on Wednesday when the ruling Democratic Justice Party nominated its chairman, Roh Tae Woo, as a presidential candidate.

Representatives from the ruling and opposition parties met Monday to seek convening of a special session of the National Assembly to discuss the crisis.

On Tuesday, however, the opposition Reunification Democratic Party said it would boycott the session unless the government granted certain preconditions.

New details reached Seoul of an unusually large and violent wave of student-dominated protests in provincial cities on Monday.

In Chonan city, about 3,000 students were reported to have taken to the streets, attacking the local office of the ruling party and a police post with stones and firebombs.

Central Seoul, however, was largely back to normal on Tuesday, except for the continued presence of squads of riot policemen on street corners and an anti-government rally by about 1,000 people on the grounds of the Myeongdong Cathedral.

The demonstrators chanted slogans and sang the national anthem but drew only minor attention from passers-by.

Firemen hosed down streets to remove the residue of tear gas. Food stalls and restaurants that serve evening strollers in the area reopened for business after five days of disturbances around the Roman Catholic cathedral.

On Monday, about 200 students who had taken refuge at the cathedral for five days were bused out after the police promised not to arrest them. Their presence there had caused a chain of support protests in the nearby streets.

The authorities had hoped that getting the students out would end the protests around the cathedral. But the rally Tuesday night indicated that the students would try to maintain their foothold.

Priests at the cathedral seemed dismayed with the prospect of hosting more protesters. The Reverend Ri Ki Jung, an assistant at the cathedral, said he hoped the students would go home for the night.

The demonstrations grew last week after President Chun Doo Hwan designated Mr. Roh as his successor. Mr. Roh, a former general, is expected to take office in February after the presidential election by the electoral college.

Nuclear Ban Put on Hold By ASEAN

By Michael Richardson
International Herald Tribune

SINGAPORE — U.S. opposition and the reservations of four of the six ASEAN nations has put into "suspended animation" a plan to ban nuclear weapons from Southeast Asia, an official of the association said Tuesday.

He said American opposition and reservations by four of the six nations had tabled the plan. He identified the four as Thailand, Singapore, the Philippines and Brunei.

Officials of the Association of Southeast Asian Nations, which groups non-Communist nations of the region, said Washington described the plan as totally unacceptable because it would weaken the U.S. nuclear deterrent but not place the Soviet Union under similar constraints.

The United States relies more heavily than the Soviet Union on strategic nuclear missiles carried on submarines and Washington therefore needs, according to U.S. officials, to keep the sea lanes of Southeast Asia open to passage of such weapons as a key link between the Pacific and Indian oceans.

The officials said that ASEAN ambassadors to Washington were told of the U.S. position recently in separate meetings with Secretary of State George P. Shultz, other officials of the State Department, and officials of the Defense Department.

[Mr. Shultz, who was traveling Tuesday in the Philippines, said Washington would resist any move to turn Southeast Asia into a zone free of nuclear weapons, United Press International reported from Manila.]

[The zone "is basically not a good idea," Mr. Shultz said, when "peace in the world depends on our ability as a major nuclear power to deter aggression."]

Mr. Shultz is due to arrive here Wednesday for several days of talks with ASEAN foreign ministers and their counterparts from Canada, Japan, Australia and New Zealand.

The Soviet Union and Vietnam have said they support efforts to ban nuclear weapons from Southeast Asia.

Rear Admiral Edward Baker, director for the East Asian and Pacific Region in the U.S. Defense Department, told a congressional hearing in Washington last week that Southeast Asia, Scandinavia and the Indian Ocean were areas "critical to Western survival" where the Soviet Union is mounting a ban on nuclear weapons.

He asserted that such zones, unmatched by disarmament in the Soviet bloc, would weaken rather than strengthen the cause of peace.

Philippine officials who support continued U.S. access to military bases in their country said they were concerned that ASEAN adoption of a treaty banning nuclear weapons would strengthen opposition to renewal of the agreement on bases when negotiations start with the U.S. next year.

Many leftist and nationalist opponents of the U.S. presence in the Philippines claim that nuclear weapons are stored at the bases, making them a prime target in a nuclear war. As a matter of policy, the U.S. will neither confirm nor deny whether it has nuclear weapons on any of its ships, aircraft or at overseas bases.

Singapore and Thailand are concerned that a zone free of nuclear weapons in Southeast Asia would give advantages to the Soviet Union and its allies in Indochina, tilting the regional balance of power.

The Soviet Union has access to military bases in Vietnam.

Tough Talks Ahead for Italians

Compiled by Our Staff From Dispatches

ROME — The results of Italy's general election made a new center-right coalition inevitable, but analysts said Tuesday that the fragmented nature of the vote would make it difficult to form a new government.

Politicians of all parties predicted long, hard bargaining before a government emerges, possibly along the lines of the old five-party coalition.

Voters dealt a major blow to the Communists while increasing support for the Socialists of Bettino Craxi, the former prime minister, and the Christian Democrats.

"The electorate has told us that we are obliged to live together," said Clemente Mastella, a spokesman for the Christian Democrats. One newspaper said more bluntly that the two parties are "condemned to agree."

Paradoxically, analysts said, the strengthening of the Socialists and Christian Democrats is going to make them even less ready to compromise than they were before the election. A struggle over the prime ministership between these two parties brought down Mr. Craxi's government in March and made early elections necessary.

Between them, the parties will control an absolute majority of 328 seats in the 630-seat Chamber of Deputies, and 161 seats in the 315-seat Senate.

But analysts said the chances of their patching over their rivalry to form a two-party coalition were virtually nonexistent. The Socialists have ruled out the possibility of an alliance with the Communists.

It is expected that there will be an attempt to rebuild the departing five-party coalition with the participation of the Republican, Social Democrat and Liberal parties.

"The results showed," said Arnaldo Forlani, president of the Christian Democrats, "that a coalition between leftist parties is impossible and that the only alternative still is a five-party coalition including the Socialists, Christian Democrats and the Liberals."

See ITALY, Page 2

In Grinding Namibian War, Pretoria Claims Edge

By William Claiborne
Washington Post Service

EENHANA, South-West Africa — Frozen in fear, the two black insurgents press their bodies against the scrub tree for cover as a helicopter gunship circles overhead, gradually tightening its orbit while a door gunner strains to catch a glimpse of the slightest movement on the Angolan border rushing beneath him.

On the ground, white South African soldiers, following telltale footprints in the sand, close in on their quarry.

An armored vehicle hums behind the soldiers. A short burst of AK-47 rifle fire from the tree is answered by a stream of fire from the vehicle, and then there is silence as the white platoon leader radios his base for body bags.

This brief and deadly drama is repeated hundreds of times annually as one of the world's longest sustained guerrilla wars—between the South African Army and the South-West African People's Organization in northern Namibia and southern Angola—approaches its 21st anniversary.

In a sense, it is a forgotten war, lost in its own redundancy and blurred in the consciousness of a world plagued by similar conflicts on almost every continent. It rolls on as Namibia, which has been administered by South Africa since the Germans were routed from South-West Africa in World War I, gropes toward independence.

The cost in lives and resources has been enormous: an estimated 10,000 SWAPO guerrillas dead in the past 10 years alone; uncounted civilian casualties on both sides of the border; nearly \$1.5 billion a day spent to maintain the South African military in Namibia; and inestimable property losses and monetary drain from the economic dislocation in Namibia and Angola.

The South African Army command does not disclose casualties, but the authorities in Pretoria have announced the deaths of at least 30 servicemen this year, compared with last year's total of about 60.

After all the expenditure of lives and resources over more than two decades of conflict, neither side can claim victory. South Africa is no closer to closing the book on this war than SWAPO is to installing itself in the capital of Windhoek as the leader of an independent Namibia.

At best, South Africa can only say that through grinding attrition, it is blunting the effectiveness of SWAPO's military force, the People's Liberation Army of Namibia, in carrying out the spectacular cross-border attacks that were common 10 years ago. For its part, SWAPO can only say it is holding the African continent's mightiest military power at bay while it continues what amounts to little more than armed propaganda.

Running parallel to the war, at a glacial pace, are efforts by the multiracial transitional government in Windhoek to draft a constitution that could lead to independence for Namibia. The territory, a bit larger than Texas, has a population of 1.2 million, including 100,000 whites.

The independence question has

See NAMIBIA, Page 2



A soldier points Tuesday to one of the holes made by Polish shellfire in the West German vessel Neckar while it was monitoring East bloc maneuvers in the Baltic Sea. Three men were hurt in the incident, which Bonn protested to Warsaw.

UFOs Stage Return, at Least in U.S. Popular Culture

By William J. Broad
New York Times Service

NEW YORK — The aliens are here again, at least in terms of popular culture, if not fact.

Three books about alien visits are selling briskly in the United States. One of them has topped the nonfiction best seller list for weeks. Clubs, newsletters, movies, and lectures about unidentified flying objects are generating revenues at a pace exceeded only in the 1950s, during the first wave of UFO sightings.

Some say that for 40 years the U.S. government has harbored physical evidence of an earthly encounter with extraterrestrial creatures, including their dead bodies and damaged spacecraft.

That startling report, dismissed by skeptics and government officials as a laughable hoax, is contained in what are purportedly top-secret government papers dating from the days of President Dwight D. Eisenhower.

Why the fascination with aliens, despite repeated failures over the decades to document their earthly arrival?

In interviews, psychologists, historians, philosophers and writers of science fiction said that belief in alien encounters was rooted in the need for secular messiahs, and the search for explanations for the troubles on earth.

"The urge to investigate and believe in this stuff is almost religious," said Ben Bova, former editor of Omni magazine and a writer of science fiction. "We used to have gods. Now we want to feel we're not alone, watched over by protective forces far beyond us."

Others, often sober, respectable scientists who have studied UFO reports for years, said the skeptics were missing the biggest story of the age.

"People who haven't been paying attention to this stuff are in for a shock," said Bruce Maccabe, a full-time Navy physicist in Washington, D.C., and a part-time UFO researcher. "Some sort of things have been flying around for decades, and they aren't ours."

The current flurry of interest in UFOs is led by new books: "Communion" by Whitley Strieber, "Intruders" by Budd Hopkins, and "Light Years" by Gary Kinder. "Communion" has been on The New York Times best seller list for 16 weeks.

All three tell of personal encounters with aliens, reaching beyond the last great period of UFO enthusiasm in the 1950s, said David M. Jacobs, author of "The UFO Controversy in America" and a historian at Temple University in Philadelphia.

In the 1950s UFO sightings were in vogue. Now, he said, the aliens

themselves are taken as fact and attention has turned to the human experience of encounters with them. Indeed, the hottest topic among UFO enthusiasts is what they describe as the federal government's experience with aliens, especially the "Roswell Incident," one of the oldest reported UFO episodes.

Timothy Good, a British UFO researcher, and a group of UFO investigators in the United States say they have documentary evidence that the government hid its knowledge of a "flying saucer" crash in 1947 near Roswell, New Mexico. The accusation is common.

See UFO, Page 2

Bonn Protests Attack on Ship

A soldier points Tuesday to one of the holes made by Polish shellfire in the West German vessel Neckar while it was monitoring East bloc maneuvers in the Baltic Sea. Three men were hurt in the incident, which Bonn protested to Warsaw.

Goetz Found Not Guilty

Bernhard H. Goetz, center, arriving Tuesday at a New York court. He was acquitted of attempted murder in the 1984 shootings of four young men who he said had tried to rob him on a subway train. With him are members of the Guardian Angels Safety Patrol. Page 3.



Malaysians Chew on a Meaty Question

By Patrick L. Smith
International Herald Tribune

KAJANG, Malaysia — To take a table at the Restoran Haji Tasmin—a tin roof blocking the equatorial sun and the grind of traffic only a sidewalk away—is to sit at the culinary heart of this culturally rich and diverse nation.

There are grander establishments in Kuala Lumpur, the capital, which is 30 kilometers (19 miles) from the dusty market town of Kajang. A little incongruously, there is an air-conditioned Kentucky Fried Chicken right across the street.

But for Shabaruddin bin Mohamad, the proprietor of Haji Tasmin, such eateries as these are not even part of the equation. Mr. Shabaruddin is a purveyor of *satey*, which consists of chunks of beef, chicken or mutton that are marinated, skewered on elongated toothpicks, grilled and dunked in a sauce made of groundnuts, chopped chili, honey and local herbs.

And as all 16.5 million Malaysians seem to agree, there is only one truly appropriate place to eat the national dish, which is where it has always been eaten: by the side

of the road, preferably with a glass of sugar-cane juice or a split coconut.

Humble in appearance and aging with notable grace, Mr. Shabaruddin's restaurant has become something of a gastronomic shrine. It was his grandfather, for whom the restaurant is named, who brought the simple delicacy from his native Indonesia when he migrated in 1916.

But you cannot eat history, Haji Tasmin's fame spread mostly, it is said, because he got the sauce just right. After Malaysia's independence.

See SATAY, Page 2

Kuwaitis Allege U.S. Knew of Silkworm Sites Since Last Summer

By John Kifner
New York Times Service

KUWAIT — Kuwaiti officials and Western diplomats here said the United States has known since last summer that Iraq was preparing Chinese-made Silkworm missiles near the Strait of Hormuz, where they could threaten shipping in the Gulf.

Only recently did Washington raise the issue as a major factor behind President Ronald Reagan's decision to offer U.S. Navy escorts for Kuwaiti oil tankers.

The timing reportedly suggests that, rather than being prompted by Iran's preparation of the missiles, Washington's plan to place half of the 22-tanker Kuwaiti fleet under the protection of the American flag was the product of a more complicated series of factors.

For the Reagan administration, the arrangement to protect the shipping was believed to have been seen at least in part as an opportunity to counteract the effects of the secret arms sales to Iran last year.

Soviet Considers Giving Rockets To East Germans

Agence France-Press

MOSCOW — The Soviet Union is considering transferring ownership of its short-range SS-12 missiles to East Germany and Czechoslovakia if the United States persists in excluding Pershing-1A rockets in West Germany by arguing that they are not American.

The Foreign Ministry spokesman, Gennadi I. Gerasimov, said Tuesday that "one can theoretically consider a situation in which the Soviet Union would accept that East Germany or Czechoslovakia ask to keep the SS-12 tactical missiles on their respective territories and to put these missiles at the disposal of these countries."

He said the missiles would be "equipped with Soviet nuclear warheads" and would be considered as "the weapons of a third country."

Mr. Gerasimov accused the United States of using a legal trick to exclude the Pershing-1As from a U.S.-Soviet accord on intermediate-range nuclear forces.

Washington argues that the missiles belong to West Germany. The warheads are under U.S. control.

and to reassure moderate Arab countries, including Kuwait, that the United States is not on Iran's side.

"The Americans have known about the Silkworm missiles since last summer," said a high-ranking Kuwaiti official close to the shipping discussions.

"The existence of the Silkworms has been well known for months, since last summer in fact," a Western diplomat said. "It's very interesting the Americans are making such a fuss over it now."

An official from a maritime nation recalled being at a meeting in October with U.S. military officials present, at which the threat to shipping from the missiles was discussed. The missiles have a range of about 50 miles (80 kilometers), enough to cover the entrance to the Gulf.

Diplomats said the Iraqis are also setting up a Silkworm battery near Faw at the northern end of the Gulf, within range of Kuwait itself, in territory captured from Iraq in an offensive last year. Missiles at Faw could also menace Iraq's ships at its nearby main naval base.

The presence of the Silkworm missiles was disclosed in March by officials in Washington. They said at the time that the missile system had been observed within the previous month.

In Washington on Monday, an official said that the existence of the Silkworm missiles became especially important in mid-February, when, he said, Iran test-fired at least one of them from a base near the Strait of Hormuz.

The Iraqis had negotiated the purchase and taken delivery of the missile over the previous several months, and the official acknowledged that American intelligence might have noted the delivery long before the test firing.

It was in mid-March, according to diplomats, that the United States reached an agreement in principle with the Kuwaitis to transfer 11 tankers to a U.S. holding company in order to make them American-flag vessels.

This arrangement was reached after the Kuwaitis let it be known that they had been negotiating with the Soviet Union for a similar kind of protection. The Soviet Union leased three of its tankers to Kuwait in what Kuwaiti officials described as an agreement under which more ships may be leased at a later date.



Shabaruddin bin Mohamad, the proprietor, at the satay grill of Haji Tasmin Restoran.

SATAY: Inside or Outside for Malaysia's National Dish?

(Continued from Page 1)

dence from Britain in 1957. Tunku Abdul Rahman, the first prime minister and a devoted customer, brought the master to London to serve satay to Queen Elizabeth II.

There have been refinements, of course. In the 1930s, Haji Tasmin stopped serving everybody's satay sauce out of the same bowl, for instance. Business with the *orang putih*, the Europeans, picked up right away.

But it was five decades before Haji Tasmin stopped carrying the whole operation around Kajang on a pole across his shoulders, a makeshift grill on one end and a bucket of satay on the other. Only in the mid-1960s did the founder's son bring the business into its current location, an open-air food stall of a

kind common throughout Southeast Asia.

There are other things that will never change. One is the sauce, which is made-or-bought for a satay vendor. Haji Tasmin's is a balance of sweet and piquant for which the restaurant enjoys a nationwide reputation.

Another is the ineffable relationship that seems to obtain between the eater of satay and the pleasing cacophony of local street life. The Restoran Haji Tasmin will never have walls; its only apparent concessions to technology are ceiling fans and a refrigerator.

"It's just not proper to eat satay indoors," Mr. Shabaruddin, a diffident man of 36, said over lime juice the other day. "It's simply not the way it's ever been done."

All is not so clear, however, in the wider world of satay. Just as irishaws have given way to cars and raised wooden houses to apartments, the future beckons to the sellers of satay.

In most respects, Malaysia is as impatient to modernize as any other nation in this fast-evolving region. It is stumbling, however, on the issue of just what ought to go into the multistorey shopping malls that are springing up in its major cities.

It is a Malaysian dilemma, you might say. Served up without sauce, the question is simple: Whether satay, inside or outside?

Further down the road, Malaysians will have to wonder whether satay will go the way of the hamburger, the pizza, the roast beef sandwich, the two eggs over; paper bags, styrofoam, stainless steel counters.

Prime Minister Mahathir bin Mohamad, a modernist in all things, seems to think satay should come in from the heat. Six years ago he ordered an official development agency to launch a satay-serving fast-food chain. Sat Ria, as it is called, now has seven outlets in Malaysia and one in neighboring Singapore. In April it went international, opening its first shop in London.

In the private sector, Satay N Spice got under way at about the same time. At one point an enterprising investor even attempted something called *satay-yaki*, a Japanese version. Although it fared nicely with an official "Learn from Japan" campaign, the effort has not gone down as one of satay's bolero hours.

Neither have most other efforts to get respectable. Sat Ria is struggling. Satay N Spice gave up the

ghost a few months ago, closing its fourth and final outlet.

A walk down any city street is all the market research that is required. The 400 to 500 hawkers working the streets of Kuala Lumpur, for instance, are doing as well as they ever have, apparently oblivious to the cutting-edge questions that haunt their trade.

"Personally, I just don't like eating satay in a complex," said Teoh Chew Chee, a local journalist and, as she would say, an amateur "satayphile." "It goes cold too quickly in the air-conditioning."

There is one exception to all this. Situated in the capital's most popular mall, Satay Anika sells up to 10,000 satay sticks a day, according to Aris Majid, who co-owns the place with his brother Rahman.

Like Mr. Shabaruddin, Mr. Majid also comes from a well-known line of satay experts. His father first started selling the stuff 60 years ago in Port Dickson, a seaside resort then frequented by British rubber planters.

Together, Haji Tasmin's descendants and the Majids account for the two main strains of satay tradition. There are *satay kjang*, *satay majid*, and many nameless variants.

Much committed to the modern way, Mr. Majid had the national airline concession until it went in-house a few years ago. As a government caterer, he served the shah of Iran and Haili Sallie, the late Ethiopian leader.

Mr. Majid, naturally enough, credits his success indoors to his sauce, which is slightly sweeter than Haji Tasmin's and which he says incorporates peanuts, not groundnuts. And like the bureaucrats who manage Sat Ria, Mr. Majid believes the new frontier is overseas. He is now negotiating with two Los Angeles investors to open an outlet there.

"I want to take on these fast-food places," Mr. Majid said, a grin as warm as sunshine. "I love competition. It's time to show them what taste is."

Chirac Orders State Aid For Opposition Paper

Reuters

PARIS — Prime Minister Jacques Chirac, a conservative, has ruled that the newspaper *Le Matin*, which supports the opposition Socialist Party, be allowed early allocation of state subsidies because of its financial difficulties.

The paper went into receivership last month and has until Thursday to find funds or face closure. A government spokesman said Mr. Chirac had asked the Finance Ministry to give the paper about two million francs (\$330,000) in state aid.

UFO: Aliens Make Comeback in U.S. Popular Culture

(Continued from Page 1)

tained in Mr. Good's book, "Above Top Secret: The Worldwide U.F.O. Cover-Up," to be published in Britain in July.

The U.S. government has declared that the 1947 incident was nothing more than the sighting of a weather balloon. But the UFO researchers say a newly discovered document, dated Nov. 18, 1952, proves that explanation false. The document, purportedly a top-secret briefing paper for President-elect Eisenhower, discusses a secret team of a dozen experts known as Majestic-12, or MJ-12, that was established by President Harry S. Truman on Sept. 24, 1947, to investigate the remains of the spacecraft and its crew.

"It appears to be genuine," said William L. Moore, who wrote a book about the incident. Mr. Moore investigated the document for more than two years after a colleague received it anonymously in the mail. "There's nothing we've

Steel Urges U.K. Alliance To Become Single Party

Reuters

LONDON — Britain's Liberal Party leader, David Steel, called Tuesday for a merger of his party and the Social Democrats. The call follows the poor performance of their centrist Alliance in last week's general election.

In a memorandum to senior party officials, Mr. Steel said there should be a "democratic fusion" between the Liberals, who go back 150 years, and the Social Democrats, formed by dissidents of the Labor Party six years ago.

"I would prefer the formation of a single organization, a Liberal Democratic Alliance, incorporating the best aspects of both our existing parties," Mr. Steel wrote. He admitted that the Alliance's dual leadership, himself and the Social Democratic leader, David Owen, had not helped its cause during the campaign for Thursday's elections. The Alliance won 22 seats in Parliament, one down from the last poll in 1983.

"We simply ended up competing with each other in the ratings war," he wrote.

Mr. Owen, whose party finished the election with only five seats in the 650-member House of Commons, has declared his opposition to a merger, although some senior Social Democrats have come out in favor of one.

The election was won by Prime Minister Margaret Thatcher's Conservatives in a landslide that gave her a 101-seat majority in Parliament and a record third consecutive term in office.

Mr. Steel sought to assure Social Democrats who have expressed fears they were being forced into a shotgun marriage with the Liberals.

The Liberal leader said that if the two parties decided to merge they could devise a package of proposals to be endorsed by their conferences in the autumn and submitted to the party membership for final approval by the end of the year.

Rally Reported in Riga For Siberian Deportees

The Associated Press

STOCKHOLM — Thousands of Latvians in Riga held an unauthorized demonstration in remembrance of the deportation of 15,000 Baltic people to Siberia in 1941, an exile group said.

About 100 policemen watched Sunday without interfering and allowed news media to record the event and interview participants, a spokeswoman said Monday in Stockholm. According to Vija Freimanis of the World Federation of Free Latvians, about 5,000 people took part while other residents of the capital of the Soviet republic lined the streets.

NAMIBIA: In a Grinding War, Pretoria Claims Edge

(Continued from Page 1)

la, Major Derek Els scoffed at the two SWAPO attacks this year on his base. One involved a few mortar rounds that landed in the bush hundreds of yards from the camp, he said, and the other was a "lucky shot" rifle grenade that landed in a mortar pit, slightly wounding two soldiers.

But Major Els and his men expressed admiration for the guerrillas' ability to elude their pursuers. "If you don't have a vehicle, it's hard to get a kill," said Major Els, who is second in command at the base. "They can run for days, and we just can't keep up."

In 1968, SWAPO's strength was estimated by South African military intelligence at 16,000. Today, the estimate is 8,700. Because of commitments to fight alongside Angolan and Cuban troops against South African-backed rebels inside Angola, SWAPO can field barely 800 men close to the Namibian border, according to South African military intelligence officers.

By contrast, the South African Army says it has 10,000 to 12,000 men under arms in Namibia's operational area, 65 percent serving in the South-West African Territorial Force. Eighty percent of those soldiers are black, including South African Police Counterinsurgency units and home guards. The total is said to be about 30,000.

SWAPO contends that South Africa has more than 100,000 troops on the border.

WORLD BRIEFS

Deposed Afghan King Rejects Offer

ROME (AFP) — King Zahir Shah, the deposed Afghan ruler, has turned down an offer from the Soviet-backed Kabul regime to enter a coalition government, a spokesman for the king said Tuesday.

The king refuses to "share power" with Major General Najibullah, the current Afghan leader, the spokesman told the Italian news agency ANSA. The king, who is 74, has been living in Rome since he was overthrown in a military coup in 1973.

General Najibullah said at a party meeting in Kabul last week that he was prepared to hold talks with supporters of the monarchy in an effort to form a coalition government, the Soviet news agency Tass reported. He called for "practical and concrete steps to meet halfway those who are ready to enter a coalition."

Bonn Expected to Try TWA Suspect

BONN (AP) — The West German government is expected to reject a U.S. request for the extradition of a TWA hijacking suspect when Bonn officials meet on the matter Wednesday, West German television reported Tuesday night.

Mohammed Ali Hamadeh would likely be tried in West Germany for murder and air piracy, the charges on which the United States has been seeking his extradition since January, the national network ARD said. Government spokesmen contacted by The Associated Press on Tuesday refused any comment on what legal decision would be taken.

ARD also said that American witnesses who were aboard the flight hijacked to Beirut in 1985 identified Mr. Hamadeh as a hijacker in a viewing session set up Monday by West German security officials.

Barbie's Lawyer Moves for Dismissal

LYON (AP) — Jacques Vergès, the attorney for Klaus Barbie, argued Tuesday that the former Lyon Gestapo chief should be set free no matter what the verdict in his trial for crimes against humanity.

The motion hinged on a point of French law concerning multiple sentences. In France, a convicted criminal cannot serve consecutive sentences. In a case where a man is convicted more than once, he serves only the harshest sentence, which absorbs any lesser penalty, on the condition that all the crimes were committed before the first trial. Barbie was convicted in absentia of war crimes in 1952 and 1954 and sentenced to death. His lawyer's argument is that the death penalty Barbie already has received is harsher than any sentence he might receive because the death penalty was abolished in France in 1981.

Rust Is Visited in Moscow by Parents

MOSCOW (AP) — The parents of the young West German imprisoned for landing a small plane in Red Square visited their son at Lefortovo Prison on Tuesday for the first time since his arrest May 28. In a statement afterward, Karl-Heinz and Monika Rust said their son, Matthias, "is feeling well, and according to his words he also is being treated well."

The Rusts said their conversation with their son was "agreeable," but declined to answer questions about the meeting, saying, "In accordance with our son's request we are not going to give any further statements during our stay in Moscow."

For the Record

Richard M. Nixon, 74, the former U.S. president, was reported doing well Tuesday as he recovered from prostate surgery at New York Hospital.

The European satellite company Arienspace plans to resume launches by the end of August despite recent problems with a new ignition system, its president, Frédéric d'Allest, said Tuesday in Paris. Spain's parliament, the Cortes, unanimously ratified on Tuesday the nation's adherence to the July 1968 treaty to prevent the spread of nuclear weapons.

TRAVEL UPDATE

Women visiting Malta will be discouraged from topless bathing, the government said Monday. Visitors will be handed leaflets urging them to respect "local sentiments and moral values and not to exhibit themselves topless on public beaches."

A mobile currency exchange at Heathrow Airport will go into service June 24. It will move around Terminal 4 in an electric cart manned by two tellers, the British Airport Authority announced Tuesday.

A Russian airliner and an Afghan military plane missed colliding at Kabul Airport last week, prompting airline officials to threaten cancellation of the service. Western diplomats said Tuesday in Islamabad, Pakistan.

Lightning struck a Continental Airlines 747 as it flew over southern England on Tuesday, forcing it to turn back to Gatwick Airport, an airline spokesman said. No one was hurt and no damage was found. (AP)

GULF: Weinberger Fears a Wider Threat by Iran

(Continued from Page 1)

nal of our determination to stand up to intimidation, to support our friends, and to help contain, and eventually end, the Iran-Iraq war."

Reagan Assesses Summit

David Hoffman of The Washington Post reported earlier from Washington.

In his address Monday night, President Reagan said that a failure to protect Gulf shipping would allow the Soviet Union to move into the region, and he announced that the United States and its allies had reached "full consensus" on a negotiating position in the Geneva talks on intermediate-range nuclear missiles.

This arms-control position, Mr. Reagan said, is to eliminate all shorter-range missiles and wipe out the medium-range missiles in Europe while seeking to eventually eliminate them worldwide.

Mr. Reagan said such an agreement would be "historic," and he urged bipartisan support in Congress for a pact, which would require Senate confirmation.

Mr. Reagan did not mention, as he has in the past, that differences remain over ways to verify the accord and other issues. Nor did the president raise the prospect, as he did last week, of a summit meeting with the Soviet leader, Mikhail S. Gorbachev, in the U.S. later this year to sign the accord. White House officials have said a summit meeting this fall is likely.

In the televised address reporting on the Venice summit meeting of the leading industrial democracies, Mr. Reagan sought to answer

criticism of his decision to protect 11 Kuwaiti oil tankers by casting the move as direct competition with the Soviet Union.

Mr. Reagan said that a failure to protect the Kuwaiti ships would "abandon our role as a naval power" and "we would open opportunities for the Soviets to move into this chokepoint of the free world's oil flow." A failure to protect the ships would "jeopardize our own national security as well as our allies," he said.

In his 16-minute address from the Oval Office, Mr. Reagan disputed reports of setbacks for the United States and criticism from allied leaders in Venice, saying he came home "with everything we had hoped to accomplish."

The president acknowledged, however, that the persistently high U.S. budget deficits had been a "disturbing topic" in the discussions, and he blamed the often cumbersome congressional budget process, saying "we have now reached a breakthrough."

The president offered an upbeat version of what happened in Venice, one that omitted some events that disappointed his advisers. For example, Mr. Reagan said that the leaders reached a "broad consensus for economic growth." He did not note the discord among the summit leaders nor West Germany's rebuff to U.S. pressure to bolster its sagging economy.

The president said he was "particularly gratified" by allied expressions of support for the expanded U.S. naval effort in the Gulf. He said the allies had supported the

policy "without hesitation," and he recounted the existing efforts by Britain and France to commit naval forces to the Gulf. He said West Germany and Japan, while constitutionally prohibited from deploying forces, are "working actively to seek other ways to be helpful."

Mr. Reagan did not note that the final Venice communiqué contained weaker language on the Iran-Iraq war than Washington had wanted. The United States called for a United Nations Security Council resolution requiring a cease-fire and mandatory sanctions against violators. Instead the allies backed language calling for "just and effective" measures to end the war.

Diplomats at the summit meeting reported that Mr. Reagan came under renewed criticism from allied leaders for the high U.S. budget deficits. Mr. Reagan acknowledged Monday night that the current deficit was a "disturbing topic" and that "I felt among the other six summit leaders a sense of unease about America's commitment to a consistent, enforceable plan to reduce our deficits."

The president called for "reform" of the budget process, including approval of presidential authority to veto individual items in the budget bill passed by Congress, an amendment to the Constitution requiring a balanced budget, and grass-roots pressure on Congress to reduce spending on non-military programs. Mr. Reagan reiterated that he would not accept higher taxes or less military spending.

years of decline to win 34.3 percent of the popular vote in the Chamber of Deputies, up from 32.9 percent in the last election in 1983. They have led or dominated all of Italy's 46 governments since the end of World War II.

The Socialists scored their greatest electoral success by increasing their share of the vote to 14.3 percent, from 11.4 percent—largely at the expense of the smaller coalition partners.

The Communists were the biggest losers, slumping to their worst result in 24 years, with 26.6 percent of the vote compared with 29.9 percent in 1983. The emergent Greens party and other small groups apparently won protest votes that

otherwise would have gone to the Communists. "The most important political result is the heavy defeat of the Communist party," said Ciriaco De Mita, leader of the Christian Democrats.

The Communists' setback sent the Milan stock exchange soaring. Share prices, buoyed by strong foreign demand, showed their biggest one-day rise since September.

(Reuters, UPI, AP)

Sex Star Wins a Seat

An Italian pornographic movie actress has won a seat in parliament after a topless campaign that enlivened an otherwise dull race, Agence France-Press reported from Rome.

Iliana Staller was 49th on the Radical Party candidate list but she won 10,000 preferential votes, second only to the party leader, Marco Pannella, the party said Tuesday.

At the polls on Monday, Ms. Staller cast her ballot, with one breast bared, before a mob of television crewmen and photographers.

The actress, 38, campaigned for sexual freedom and a better environment and advocated the unregulated sale of adult magazines to people under age 18.

Event for Dukakis Raises \$2 Million

United Press International

BOSTON — A \$1,000-a-person social evening to raise political campaign funds for Governor Michael S. Dukakis of Massachusetts has realized more than \$2 million. A Dukakis aide said it was the largest sum ever raised at a single event by a Democratic presidential candidate.

Bob Farmer, chief fund-raiser for Mr. Dukakis, told 2,000 guests at the Park Plaza ballroom on Monday night. "For the first time ever in the history of this state or this nation, one single event has raised in excess of \$2 million."

The U.S. government has declared that the 1947 incident was nothing more than the sighting of a weather balloon. But the UFO researchers say a newly discovered document, dated Nov. 18, 1952, proves that explanation false. The document, purportedly a top-secret briefing paper for President-elect Eisenhower, discusses a secret team of a dozen experts known as Majestic-12, or MJ-12, that was established by President Harry S. Truman on Sept. 24, 1947, to investigate the remains of the spacecraft and its crew.

"It appears to be genuine," said William L. Moore, who wrote a book about the incident. Mr. Moore investigated the document for more than two years after a colleague received it anonymously in the mail. "There's nothing we've

Russian Paper Reports Serious Plane Accident

Reuters

MOSCOW — The newspaper of the Soviet Civil Aviation Ministry, *Vozdushny Transport*, said Tuesday that a serious plane accident had occurred in the northern Caucasus involving a Tupolev-134 civilian airliner.

The report said, "The crew of the Tupolev-134 aircraft permitted an aviation accident with serious consequences," suggesting there had been a number of deaths.

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Presidential Candidates Dig Into Iowa's Grass Roots for Support in 1988 Caucuses

By Bill Peterson

MARSHALLTOWN, Iowa — Bert Permar, a teacher of government at the community college here, is brokering the Democratic presidential race from the living room of his modest ranch house.

He thoroughly enjoys it. Three presidential candidates — Bruce Babbitt, a former governor of Arizona, Representative Richard A. Gephardt of Missouri, and Senator Paul Simon of Illinois — have already stopped by to meet Mr. Permar and his friends. A fourth, Governor Michael S. Dukakis of Massachusetts, visited the college recently for lunch.

"The heat is on," said Mr. Permar, who has been chairman of the Marshall County Democratic Party "off and on" since 1968. "People are going full steam." And, he added, "I wish it was speeding up since Gary Hart withdrew from the race last month."

Most Americans will pay little or no attention to the 1988 presidential race for a year or more. But for months, a few thousand party activists in Iowa and New Hampshire have been the objects of an intense grass-roots organizing effort by presidential hopefuls in both parties.

The candidates — especially the long shots

— badly need the help of these activists, and will do almost anything to get it. Mr. Babbitt, for example, recruited his first Iowa supporters on a bicycle ride across the state. Later, he loaned two members of his staff to the Iowa Democratic Party for the 1988 campaign.

"I'll make house calls, I'll do windows," the Senate Republican leader, Bob Dole of Kansas, told an Iowa audience. "I'll do whatever it takes." He added that if he could not be elected, he would get his wife, Elizabeth, the secretary of transportation, "for you."

Grass-roots organizing is an insiders game, tedious and time-consuming. Not long ago, Mr. Babbitt's campaign claimed a major victory after the former governor signed up 15 new activists during a five-day visit to Iowa.

"The rule of thumb is you need to pick up two new ones a day," said Mr. Gephardt. "There's nothing easy about it. It's three yards and a cloud of dust."

Mr. Permar, 58, understands the process. Jimmy Carter, then an obscure former governor of Georgia, was the first presidential hopeful to visit his home. That was in October 1975. Thirteen months later Mr. Carter was elected president. A victory in the Iowa precinct caucuses gave him his first big boost.

Now almost every Democratic candidate is trying to duplicate what Mr. Carter did, and Mr. Permar's living room has become a broken-

age house for presidential politics. He will invite a couple dozen activists to meet with any candidate who asks.

"It's really a nice way to campaign," said Mr. Permar. "I think this is the way democracy was meant to operate."

The idea behind grass-roots organizing is to build a small circle of highly committed supporters, then expand the circle again and again, creating concentric rings like those formed by dropping a stone in water.

In her book "Hart and Soul," Susan Berry Casey quoted Mr. Hart to explain the theory to a group of early followers:

"Each circle creates another slightly bigger circle until we have 30 or 40 committed people in the state, then hundreds, then thousands of people talking about this candidate and this candidacy, spreading the message. Eventually, a year from now, we will be delivering that message to the general voting population, the last and biggest circle."

Candidates start building their circles among a small group of "key" activists. About 500 Iowans in each party are considered part of this group.

Some activists want to influence policy or the course of the nation. Some hope for a trip to the party's national convention or an invitation to the White House. Others like the status an attachment to a presidential campaign gives

them, and the attention candidates bestow on them. They are rarely paid.

Iowa is considered a far more difficult state to organize than New Hampshire. Unlike in New Hampshire, people in Iowa declare their presidential preferences in precinct caucuses, which are essentially neighborhood meetings.

"In a primary state, all you have to do is to get people to go to their normal polling place and vote," said Paul Tully, a veteran political operative now with Mr. Dukakis.

"In Iowa," he said, "you have to persuade people to drive to a building that may be 30 or 40 minutes away from their home on a cold winter night. Stay there three and a half hours and then declare their presidential preference in front of their neighbors. It puts a tremendous burden on an organization."

Candidates seek support of established local leaders because they can bring their own political networks into a presidential campaign, and lend credibility to the candidates they back.

Other key activists are party office holders and former campaign workers such as Mr. Permar, unknown beyond their own communities. They are sought after because they can provide links to a second, larger tier of activists.

Mr. Carter began courting Iowa activists in February 1975, about a year before the caucuses. He would be a slow starter by 1988 stan-

dards. As of June 5, Mr. Gephardt, the apparent leader, had spent 77 days in Iowa.

The opening rounds of presidential politics in the state are essentially exercises in collecting names — names of voters to telephone, to send letters to, to invite to meetings, to solicit money from, and to recruit as campaign workers. They are conducted in living rooms, small-town coffee shops and hotel meeting rooms.

There are about 599,000 registered Democrats and 537,000 registered Republicans in Iowa. About 100,000 — or fewer than one in five — are expected to participate in each of the caucuses.

"The name of the game is to get 30,000 or 35,000 supporters to go to caucuses Feb. 8," said Chris Hannel, Mr. Babbitt's Iowa coordinator. "That's the only true measure of support. Ultimately, polls are irrelevant. The only true measure is your list of supporters. So everyone is building up a list of names. Then, you use those names to get other supporters."

A then unknown Republican political operative named Rich Bond, now political director of Vice President George Bush's campaign, is the established expert in this type of grass-roots organizing. In 1980, he did such a thorough job of identifying Bush supporters that the week before the caucuses he was able to mail special election kits to 8,000 Republican households.

The kits told each Republican of the time and place of their individual caucus, and even the names and telephone numbers of other Bush supporters in their precinct. Mr. Bush's upset in Iowa that year almost cost Ronald Reagan the presidency.

Mr. Bush has maintained the 1980 list, and recently released the names of 5,000 Republicans willing to identify themselves in public as supporters of the vice president. No other candidate in either party can identify 2,000 such supporters.

"For the moment," said Steve Roberts, Mr. Dole's chairman, "Bush is front-runner here. He has the best organization. He knows where the bodies are buried. But we're moving up. It will be a real battle of grass-roots organization."

Mr. Gephardt and Mr. Babbitt are said to have the "best organized" Iowa campaigns on the Democratic side, largely because they have spent more time and effort than their rivals developing lists of supporters.

In April, Mr. Babbitt became the first candidate to contact by phone and letter every Democrat who attended the 1984 caucus.

Mr. Gephardt used a different organizing strategy. He has spent a great deal of time cultivating union, education and farm groups, hoping to plough their network of supporters.

Reagan Says No Clues Indicate He Was Aware Of Secret Contra Aid

By David Hoffman

Washington Post Service

WASHINGTON — President Ronald Reagan said Tuesday that "there ain't no smoking gun" to show he was aware of the diversion of money from Iran arms sales to the Nicaraguan rebels. He also attacked the Iran-contra congressional hearings, saying they are filled with "hearsay" that would not be permitted in court proceedings.

Mr. Reagan, answering questions from reporters at the White House, responded sharply when asked whether he was emphasizing the subject of budget reform as a means of diverting attention from the Iran-contra affair.

"I think that spotlight has been growing so dim in recent days that when you get a mile and a half away from the Potomac River, an awful lot of people have gone back

to their favorite television shows and I don't blame them," Mr. Reagan said.

"I have never heard so much hearsay in all my life that wouldn't be permitted in a courtroom for a minute and a half and it's taken as gospel by those who want to go farther with this," he said.

The president also bristled at a question about Democrats whose campaigns for the presidency attack the integrity of the Reagan administration. Mr. Reagan said the Democrats are using "demonstrations" and he insisted "there's been no violation" of ethical standards in his administration.

Mr. Reagan's "smoking gun" remark was made later, as he went to Capitol Hill for talks with Senate Republicans. He was referring to congressional questions over the weekend about a memo written by administration subordinates that appeared to be destined for Mr. Reagan.

The memo called for approval of the diversion of funds to the rebels from the Iran arms sales. Mr. Reagan said he never knew of the diversion. Mr. Reagan's chief of staff, Howard H. Baker Jr., said Tuesday that the president did not receive the memo and did not know about it.

Mr. Reagan's remarks came as the congressional committee investigating the affair released transcripts of testimony from two witnesses who worked as secretaries for Richard V. Secord, a retired air force major general and a principal figure in the Iran-contra scandal. They

Guatemala Talks On Regional Pact May Be Postponed

New York Times Service

MANAGUA — A meeting of Central American presidents scheduled for later this month to discuss a regional peace plan has been put in doubt by a request from El Salvador that it be postponed.

The session has been planned for June 25 and 26 in Guatemala City, to discuss the plan offered by President Oscar Arias Sanchez of Costa Rica. American officials have criticized it as too lenient toward Nicaragua.

Among several political and military steps, the Costa Rican plan calls for a cutoff of aid to rebel groups in the region, effectively destroying the American-backed contra rebels and insuring the survival of the Nicaraguan government.

President José Napoleón Durruti of El Salvador said he wanted the talks to be delayed indefinitely to permit further preparatory meetings among the region's foreign ministers.

Senate Panel Bars Abrams Testimony

New York Times Service

WASHINGTON — Senator Christopher J. Dodd, chairman of a Senate Foreign Relations subcommittee on Latin American, has barred Elliott Abrams, an assistant secretary of state, from testifying on the situation in Panama because he is not a credible witness.

In a highly unusual step on Monday, Mr. Dodd, Democrat of Connecticut, told the State Department that Mr. Abrams, who is responsible for the department's Latin American affairs, would not be permitted to testify before his panel because of criticisms relating to the Iran-contra hearings.

Mr. Abrams came under intense criticism at the Iran-contra hearings for giving misleading testimony. "As far as Congress is concerned," Mr. Dodd said, "Elliott is a man without a mission. His time is up. There is a price to pay for misleading Congress." Several members of Congress have asked Mr. Abrams to step down.

Walter Heller, Economist Of 'New Frontier,' Dies

The Associated Press

MINNEAPOLIS — Walter Heller, 71, an economic adviser to two U.S. presidents and one of the leading figures of the New Frontier, died of a heart attack Monday while visiting relatives near Seattle.

Mr. Heller was chairman of the President's Council of Economic Advisers from 1961-64, and served as a consultant to President Lyndon B. Johnson until the end of his administration.

He most recently was professor emeritus at the University of Minnesota.

Although Mr. Heller underwent surgery for prostate cancer in 1978, he continued to make frequent appearances on television and before congressional committees.

He once cautioned the Senate Budget Committee that a constitutional amendment for a balanced budget, one of President Ronald Reagan's favorite projects, was a "step in the wrong direction" that was "beset with simply prohibitive difficulties of definition, administra-

tion, evasion and incentives for bad government practice."

Mr. Heller designed the 1964 tax cut credited with reviving the flagging economy. He decided the supply-side economic theory embraced by Mr. Reagan, calling it a "supply-side fairy tale."

He advocated deficit spending to spur growth and supported federal revenue sharing with states. His books include "Monetary vs. Fiscal Policy," written with Milton Friedman in 1969, and "The Economy" in 1976.

At the time of his departure from the Council of Economic Advisers in 1964, Mr. Heller was regarded as one of the most influential economists in U.S. history, due to his close relationships with John F. Kennedy and Johnson.

Born in Buffalo, New York, Mr. Heller graduated from Oberlin College in Ohio in 1935. He received his master's degree in 1938 and his Ph.D. in 1941 from the University of Wisconsin.

AMERICAN TOPICS

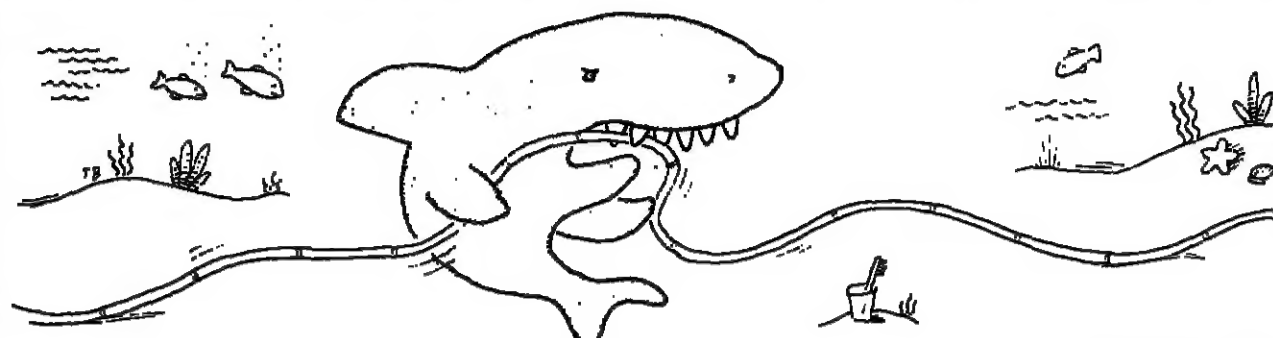
Educator Defines

What Illiteracy Isn't

If you can't define quarks, you're a scientific illiterate, or so some educators say, according to Paul Woodring, himself an educator and psychologist. Likewise, if you don't know the results of the Treaty of Tilsit, you're a historical illiterate. And if you can't draw a map of Central America, you're a geographical illiterate. Add together all those who can't and you would have a nation of illiterates, says Mr. Woodring, writing in *The Chronicle of Higher Education*. And this, he says, is nonsense.

Ignorance may be a serious flaw, but it is not illiteracy, says Mr. Woodring. Some people are sounding alarms about illiteracy, "but any sixth-grader should be able to tell them that illiteracy means the ability to read and write."

Inflation of the word "illiteracy" makes it more difficult, he says, to focus on the real problem: making certain that all children learn to read and write at an early age.



Tom Bloom/The New York Times

Short Takes

To stop sharks from munching on the new fiber-optic telephone cables being tested on the ocean floor, the American Telephone & Telegraph Co. plans to sheath the lines with steel tape. Fish never damaged the older copper telephone lines. Scientists say that sharks are superstitious to electrical signals, and the new cable is thinner than the old — about the size of a garden hose — but carries a stronger electrical current. A single bite on a deep-sea line could cost \$250,000 or more to fix. Fiber-optic cable will be laid next year across the Atlantic and Pacific.

Philadelphia has enacted a law making recycling mandatory. It will require separation of trash into four categories — food

scraps, glass, metal, and all other trash — within two years. It is the first major American city to adopt such legislation. Mayor W. Wilson Goode objected, saying he favors burning trash to create steam power. Everyone agreed that something has to be done; the city is running out of landfills in which to dump its garbage.

Testifying in his own defense for a Dec. 10 shooting spree that killed the mayor of Mount Pleasant, Iowa, and injured two city council members, Ralph Davis, 69, said, "I just wish I'd killed them all." Mr. Davis said the council had repeatedly ignored his request to reimburse him for \$350 worth of damage to his basement from a backed-up sewer. The jury rejected his insanity defense and found him guilty of

first-degree murder, which means a mandatory life prison sentence.

When people reserve tables at the Brive, a new French restaurant in Manhattan, and then fail to show up, they get a telephone call from the owner, Bob Prisker, asking them to explain. "Because we are fabricating fresh food against cost," he said, "it is an enormous cost when patrons do not show up as promised." And what are the reactions when he phones? "Everything from shouting obscenities into the phone to apologies and offers to send me a check."

Notes About People

"I, for one, am very pleased" that the French Academy of fine arts chose Richard M. Nixon for

membership, wrote Paul Richel in a letter to the Los Angeles Times. Noting that Mr. Nixon replaced the pianist, Arthur Schnitzler, who died in 1982, Mr. Richel wrote that "they could have selected an ex-actor, but they thoughtfully picked a known pianist."

Senator Robert W. Kasten Jr., Republican of Wisconsin, was sorting through some postcards at the Senate gift shop the other day when one caught his eye. The New York Times reports. Part of a series of patriotic images of America, it depicted the flag rising at two Jims in one of the climactic battles with Japan in World War II. Senator Kasten flipped it over. Down in the corner, in small print, it said, "Made in Japan."

—ARTHUR HIGBEE

Amid Slump, Houston Moves to Put on Pretty Face

By Robert Reinhold

New York Times Service

HOUSTON — Houston is a city of lovely green neighborhoods and magnificent buildings, but you wouldn't know it driving into town on either of the two main highways from Intercontinental Airport.

Visitors here must pass a visual barrage of garish billboards, tangled utility poles and power lines, used-car lots festooned with balloons and banners, fast-food shops, motels and gasoline stations.

The sights are the result of the anything-goes, free-enterprise spirit that built Houston, the fourth-largest U.S. city. Even today, this is the nation's only major city without zoning laws.

But now Houston's leaders are saying they have had enough. A campaign has begun to bring down the billboards, landscape the high-

ways and otherwise prettify the approaches to the city.

The move is deeply symbolic, for it represents the latest evidence that Houston and other cities of the South and Southwest are having second thoughts about unbridled growth.

In recent years, Houston has imposed controls on developers and moved to reduce the size and number of billboards. In Phoenix, congestion and air pollution have spurred a growing demand for tighter controls on development.

All across the Southwest, the "quality of life" has become a potent political and economic issue. And probably nowhere is the issue more pointed than in once-booming Houston, which is trying to recover from the collapse of its oil industry.

The appearance of the city, neglected in the heady boom years, is now widely seen as a deterrent to attracting new industry.

"Quality-of-life issues are an integral part of economic development," said Kenneth Schnitzer, a property developer who has been stung by comments from out-of-town guests. "When you bring visitors to a city, do you take them through the living room or the back door?"

Mr. Schnitzer, who is chairman of the Century Corp., helped organize the "Gateway Houston" project to clean up the two main airport roads, the North Freeway and the Eastern Freeway. The project is run by Houston Proud, a booster group that is part of the Houston Economic Development Council, which Mr. Schnitzer founded.

Like many other Houston business leaders, Mr. Schnitzer regrets not having acted sooner.

"We were all making so damned much money in those days," he said. "We were catching 'em faster than we could string 'em. We were too busy counting our money to worry about the quality of life."

Along the North Freeway, there are about 200 billboards between the airport and downtown. There is the big Kroger "Call Our Meat Line" board with a cheery butcher holding a phone receiver out to motorists. The Toys-R-Us billboard has a giraffe's head sticking up over the freeway. There is Power 104 KRBE ("The Most Music"), Salem cigarettes ("The Refreshment"), Gallery Furniture ("Save Your Money"), Feather Showgirls and Olympic Motel ("318 Singles").

A businessman from outside Houston flies in, looks around and says this city looks like trash," said Doug Konoopa, a developer who is co-chairman of the gateway project along with Peter Brown, an architect. "It's like having guests and you've got garbage on the lawn."

The \$7.5 million project is being financed by Houston Lighting and Power, the Texas Department of Highways and Public Transportation, the City of Houston and numerous businesses.

The project is getting under way along two miles of the North Freeway, where oleander and crape myrtle will soon be planted.

New overhead direction signs will be installed and power lines relocated. Officials involved in the project also hope that roadside businesses will agree to reduce the number and size of their signs.

But the biggest challenge is the billboards. Although a recent city law prohibits any new signs, existing ones along federal highways cannot be ordered down without cash compensation to their owners under the federal Highway Beautification Act.

Leaders of the gateway project have negotiated with the billboard industry about voluntary removal of the signs, but so far the results are little evident.

Mr. Lewis, 58, is from one of Panama's oldest and most distinguished families. He has large real estate holdings and owns a bank, the Banco del Istmo. Among his lucrative projects was the purchase and development of Contadora island, which became one of the region's most popular luxury resorts.

He was virtually the only member of Panama's millionaire elite to support the populist regime of General Omar Torrijos, who seized power in a 1968 coup. The two became close friends, and General Torrijos named Mr. Lewis ambassador to Washington to help secure approval of the Panama Canal treaties during the Carter administration.

Mr. Lewis said he had received threats from senior military officials after he made it clear that he was backing demands for General Noriega's resignation. On Saturday afternoon, he and several close relatives boarded a private plane for Costa Rica, where the family is under the protection of President Oscar Arias Sanchez.

He said he would not seek asylum and soon would begin his travels, with Colombia and the Dominican Republic as probable first stops.

In comments Sunday, General Noriega said Mr. Lewis had nothing to fear in Panama.

Ex-Envoy Flees, Vows to Oppose Panama's Leader

By Stephen Kinzer

New York Times Service

PANAMA CITY — A leading Panamanian businessman who was once ambassador to the United States has fled into exile and vowed to wage a worldwide campaign to oust Panama's military leader, General Manuel Antonio Noriega.

"I am going to travel to every country to tell people that we have a delinquent in charge of Panama," the former ambassador, Gabriel Lewis Galindo, said by telephone. "I have appointed myself international representative of the Panamanian opposition, and I am going to charter a plane and use every penny at my disposal."

Political discontent that had been simmering in Panama boiled over last week when a recently retired colonel said he had proof that General Noriega had rigged elections and planned the killings of political rivals. Street violence and

protests spread through several cities.

Opposition newspapers and radio programs remained banned Tuesday. An announcement on a government television news program said the country was returning to normal.

[A nationwide strike by the opposition, first called June 11, was largely ignored Monday, but organizers continued pressing for its observance Tuesday, United Press International reported.]

On June 11, General Noriega asked Mr. Lewis to serve as a mediator in the crisis, and several meetings were held in the Lewis home. But Mr. Lewis said the negotiations collapsed on General Noriega's future as commander of the National Defense Force.

"I told Noriega that there was too much polarization in the country, and that someone would have to make a sacrifice," Mr. Lewis said. "But his people said very

clearly that Noriega's position was not negotiable."

Mr. Lewis said he had received threats from senior military officials after he made it clear that he was backing demands for General Noriega's resignation. On Saturday afternoon, he and several close relatives boarded a private plane for Costa Rica, where the family is under the protection of President Oscar Arias Sanchez.

He said he would not seek asylum and soon would begin his travels, with Colombia and the Dominican Republic as probable first stops.

In comments Sunday, General Noriega said Mr. Lewis had nothing to fear in Panama.

Mr. Lewis, 58, is from one of Panama's oldest and most distinguished families. He has large real estate holdings and owns a bank, the Banco del Istmo. Among his lucrative projects was the purchase and development of Contadora island, which became one of the region's most popular luxury resorts.

He was virtually the only member of Panama's millionaire elite to support the populist regime of General Omar Torrijos, who seized power in a 1968 coup. The two became close friends, and General Torrijos named Mr. Lewis ambassador to Washington to help secure approval of the Panama Canal treaties during the Carter administration.

Mr. Lewis said he had received threats from senior military officials after he made it clear that he was backing demands for General Noriega's resignation. On Saturday afternoon, he and several close relatives boarded a private plane for Costa Rica, where the family is under the protection of President Oscar Arias Sanchez.

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In comments Sunday, General Noriega said Mr. Lewis had nothing to fear in Panama.

N.Y. Jurors Acquit Goetz In Shootings

Compiled by Our Staff From Dispatches

NEW YORK — A jury found Bernhard H. Goetz not guilty Tuesday on charges of attempted murder for shooting four young men on a subway car in 1984 but convicted him of a lesser criminal charge of illegal weapons possession.

Mr. Goetz, who had said he fired in self-defense as the four tried to rob him, betrayed no emotion as the jury foreman read the verdicts in a case that became a focus of worldwide attention.

Some Americans supported Mr. Goetz for the fear of crime that drove him to shoot the young men while others castigated him as a "subway vigilante" who had taken the law into his own hands.

Mr. Goetz, a 39-year-old electronics technician, was charged with attempted murder, assault, reckless endangerment and weapons violations in the December 1984 shootings of Darrell Cabey, Troy Canty, Barry Allen and James Rameaux. Mr. Goetz is white and his four victims are black.

Criminal possession of a weapon in the third degree carried a minimum penalty of 28 months in prison and a maximum term of seven years. Judge Stephen Crane set sentencing for Sept. 4.

Mr. Goetz could have faced as much as 30 years in prison if convicted on all charges.

The key question in the case was whether he acted as a reasonable man when he shot the four, who said they were panhandling on the subway when they asked him for \$5. Mr. Goetz said they were trying to rob him and told the police soon after the shooting. "My intention was to murder them, to hurt them, to make them suffer as much as possible."

The jurors reached their verdict on the fourth day of deliberation, shortly after they asked to rehear testimony by the only witness who said he saw Mr. Goetz shoot one of the four while the young man was seated.

In all, Mr. Goetz was acquitted on 12 charges. He was found guilty only of third-degree weapons possession, for using an unlicensed revolver.

The prosecutor, Assistant District Attorney Gregory Waples, called Mr. Goetz a "dark spirit" who had fired in "a blind, self-righteous, volcanic fury."

The defense attorney, Barry Slotnick, portrayed Mr. Goetz as a victim who saw that the four youths were about to rob him and shot them first.

(AP, UPI)

You have many places to go in New York. But only one place to stay.

Herald Tribune

Published With The New York Times and The Washington Post

The Street Signs in Korea

An important element has been added to the perennial confrontation between radical students and the police in South Korea. In clashes that have now spread from Seoul to other cities, students are being cheered on by a middle class that has so far shown scant sympathy for their demands.

This surprising support arises from outrage over President Chun Doo Hwan's choice of an army crony to succeed him in this year's presidential election, so arranged as to guarantee victory. That would bring seven more years of illegitimate, quasi-military government, and that is unacceptable to many South Koreans. Unless the government is now willing to give some political ground, greater turmoil is inevitable.

It seems evident that the United States, for its part, has failed to convey clear and consistent signals to Mr. Chun on the need to accommodate this new middle-class movement. Worse, the Reagan administration, beset by disagreement over Korea and by general disarray, says it won't press the issue.

These protests began when the Democratic Justice Party endorsed Roh Tae Woo as its presidential candidate. Mr. Roh, though reputed to be less rigid than the highly unpopular Mr. Chun, won his designation only after the government suspended public debate over the form of electoral reforms. Opposition leaders wanted direct popular elections for a constitutionally strong president, believing this would give them a fair chance to win. The ruling party instead offered a switch to parliamentary rule, leaving the mil-

itary free to corner a majority by controlling the many scattered rural constituencies. Democracy can be either presidential or parliamentary, but it must be recognized as free of coercion. After months of fruitless discussion, Mr. Chun abruptly deflected the issue until the next presidential term, leaving in place a manipulable electoral college.

That leaves unresolved a legitimacy question that could severely taint Mr. Roh's mandate. The Chun regime came to power by military coup and has never lived down its subsequent bloody rule of a 1980 civil insurrection in the southern city of Kwangju.

South Korea's economic miracle, which owes much to the growing middle class, is jeopardized by this continuing political crisis. So, in a less direct sense, is South Korea's security against attack from the Communist North, a cause to which 40,000 U.S. troops are committed. With the Olympics scheduled for Seoul next year, there is extensive potential for increasing turmoil, unless a political accord can be achieved.

It won't be easy to reach such an accord with the main opposition parties. Their leaders remain stymied by personal rivalries and worries about being outflanked by students on their left. And, rightly, they are unwilling to assent to a rigged electoral process that would confer legitimacy on the military regime.

The results of the failure to agree on a legitimate electoral system, predominantly the fault of the government, can now be seen on the streets, all over South Korea.

—THE NEW YORK TIMES

A Moscow-Marine Muddle

The espionage cases against the marine guards at the U.S. Embassy in Moscow have begun to fall apart. There are two possible explanations: Either the original charges were blown out of proportion and no serious offenses occurred, or a serious case was mislabeled by investigators and now a prosecution is impossible. In either case there appears to have been a terrible bungle, and an explanation is owed.

The cases came to light in January when the Marine Corps revealed that Sergeant Clayton Lonetree had confessed to giving secrets to a woman who was a KGB agent. Sergeant Lonetree was then said to have implicated Corporal Arnold Bracy, who was arrested in March on suspicion of espionage. Both were charged later with having allowed Soviet agents to enter and roam through the embassy, where they were alleged to have had access to classified documents and codes. Subsequently, another marine who had served in the Soviet Union, Sergeant John Weirick, was arrested and held for questioning in connection with espionage charges; a fourth, Staff Sergeant Robert Stufflebeam, was accused of having socialized with Russian women.

All 28 guards at the embassy in Moscow were ordered home in April. This was, of course, a heck of a story involving, as it did, international intrigue, spies, sex and an elite corps of young military men. Cabinet members and other high government officials

expressed outrage and hinted of irreparable damage to the security of the Western world. Members of Congress denounced the U.S. ambassador and the Moscow embassy staff for a horrendous failure to maintain security, and called for their punishment.

Then, gradually, the story began to unravel. The most serious charges against Sergeant Lonetree—that he had allowed Soviets inside the embassy—have been dropped. Those stemming from his confession that he had been involved with a woman are still pending. Sergeant Weirick was never charged and has been released. Corporal Bracy recanted his confession, saying it had been coerced. In the absence of any physical evidence to substantiate the confession, the Marine Corps now has dropped the charges against Corporal Bracy and released him from custody.

What's going on? Is there a major scandal here or not? Are we left with two cases of young marines who, in the end, will be charged only with having Russian girlfriends? Was there or was there not a real breach of security at the embassy? Were KGB agents inside the building at all? And if all of this did happen but no prosecutions can be brought, what happened during the investigation that sabotaged the cases? The slow sorting out, the trickling away of charges, none of it. The public and the young men involved, deserve no less than an explanation of what has happened and why.

—THE WASHINGTON POST

U.S. Is Cheating on AIDS

In Venice, President Reagan joined other representatives of the democratic nations in urging the World Health Organization to lead an international charge on AIDS. Back in Washington, the United States remains \$118 million in arrears on its treaty-obligated assessments for that same World Health Organization, and it is similarly behind in what it has pledged to give to a key Latin AIDS combatant, the Pan American Health Organization. Across the whole range of United Nations activities and agencies—in fact, across the whole range of programs for international development—the United States cheats on its political interests and on its legal and moral obligations. Meanwhile, in Venice, the administration hails the uses of the organizations that are deprived of American funds.

The UN and its specialized agencies came to be squeezed by a common executive-congressional desire to 1) force the UN system to become more efficient and more amenable to U.S. purposes ("reform") and 2) cut the U.S. budget. By general agreement in Washington and New York, some progress has been achieved toward the first goal, which is a

worthy one. But budget considerations are still keeping the United States from making good on resuming full funding, which was to be the UN's reward for undertaking reform. American good faith is at issue.

The squeeze on development can be traced back in part to these considerations. But more was at work here: some flawed political choices made by both the administration and Congress. In fact, the United States increasingly has a three-country policy toward foreign aid—Israel, Egypt, and Pakistan get the lion's share, a politically privileged share that grows even as the shares of others shrink.

The aid program is now in a knot that Congress and Mr. Reagan have been unable to agree how to untie. But there is an obvious (and urgent) way to do it: either raise the extra revenue to pay for important aid programs or reallocate the available funds so as to give a larger amount to development aid and to recipients without political guardian angels.

—THE WASHINGTON POST

Other Comment

John Paul's Trip to Poland

Pope John Paul II's trip to Poland presumably brought diplomatic relations between Warsaw and the Vatican, ardently desired by the Communist regime, a step closer. But the pope, on his third visit to his native land, made it surprisingly plain that formal ties will not be on the cozy conditions favored by the Polish government.

General Wojciech Jaruzelski believes that diplomatic recognition by the Vatican would enhance his government's international standing, thereby aiding the quest for foreign credits. He also wants to enlist the pope's help in promoting a spirit of "normalization" inside Poland. John Paul, for his part, is apparently convinced that diplomatic relations with Warsaw could open the way to ties with other East European governments.

However, John Paul confounded all those

who expected him to counsel patience. He publicly challenged General Jaruzelski to honor human rights, implicitly blamed Communist ideology for Poland's economic problems, denounced political discrimination against private farmers, praised the outlawed Solidarity movement as a model for human rights struggles and indirectly suggested that the relationship between Polish bishops and the regime has been too comfortable lately.

By his outspokenness, the pope probably gave up any chance of his being invited to the Soviet Union, where his Polish trip was possibly criticized Monday by Izywka. The Polish government was visibly irked by the pope's pointed remarks, too. But, since Warsaw needs an accommodation with the Vatican worse than the Vatican needs the blessing of Warsaw, talks toward formal ties probably will stay pretty much on track.

—The Los Angeles Times

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A Trans-Atlantic Task: To Complete the Marshall Plan

By Richard von Weizsäcker

This is adapted from a commencement speech by the president of West Germany that was delivered last week at Harvard University. It is the second of two parts.

CAMBRIDGE, Massachusetts — The second challenge of our time is a matter particularly close to our heart and responsibility as Europeans and Germans: East-West relations.

The purpose of the Marshall Plan was to assist and unite the whole of Europe. At the time, Poland, Hungary and Czechoslovakia in particular wanted to participate. But Stalin distrusted the American offer. For his own designs, he expected a weak Europe to be more useful. As a result, the division of Europe grew worse. Today the continent is divided into two seemingly irreconcilable systems with the world's largest military arsenals.

Is the division final? Do the Europeans accept it as an immutable lot?

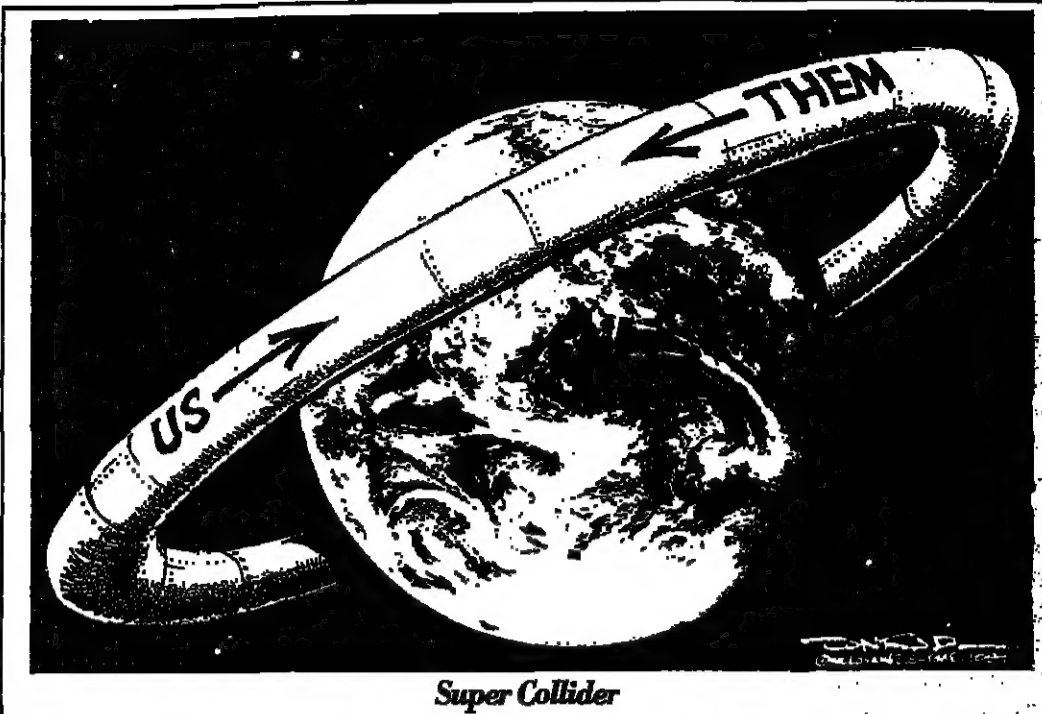
Social Ethics In Moscow, Washington

By John Kenneth Galbraith

WASHINGTON — As have others over the years, I've been eager to see tension diminish between the great economic and social systems of the world — between what the courageous call capitalism on the one hand and socialism-called-communism on the other. Both are highly sophisticated designs for organizing production and ordering social and political life in general. Neither would survive the kind of military collision that our bolder military strategists so calmly envisage.

Changing attitudes in these matters cannot be ruled out. The transformation of China in a mere two decades from being a nuclear-endowed agent of Asian communist aggression — "the new communist yellow peril" — to its present position as an honorary bastion of free enterprise shows what is possible. My purpose in this comment is to suggest that here in the United States, and thanks in part to developments under the Reagan administration, we are coming to have some social concerns that are solidly in common with those of the Soviet Union. These matters we should recognize if not exactly celebrate.

The first of these shared concerns is the modern role of bureaucracy. That the Soviets must contend with a vast and inflexible structure embracing ministries and productive apparatus none can doubt. It is a topic for compulsive discussion in the Soviet Union, the theme, above all, of Mikhail Gorbachev's noted speech to the Communist leaders last January. But bureaucracy is also a major preoccupation in the United States. In a time when all forms of ethnic and sexual



Super Collider

denigration are under a powerful moral ban, it has remained possible to speak in a very derogatory way of government bureaucrats.

However, in these past years the attack on bureaucracy has gone beyond government to assail the managerial apparatus of the modern large corporation. Its economic performance is held as in Russia to be rigid in thought, repetitive in action and grossly overstaffed and expensive as to personnel. Because of bureaucracy, we compete ineffectively with the younger, leaner, more flexible enterprises of Japan, Korea and Taiwan. Recurrently we hear that a corporation, in the interests of greater efficiency, has sacked some hundreds or thousands of its management personnel. We ask, inevitably, what those men (and some women) were doing before and why they got there. The

modern corporate raider acquires an admittedly dubious merit for his assault on entrenched and somnolent corporate bureaucracy. Clearly, as to bureaucracy, we and the Russians have a common concern.

The more interesting and possibly more dramatic convergence concerns the ethics of socialism and of capitalism. For 70 years in Russia, there has been determined and mind-numbing emphasis on the socialist ethic. Nothing has been so condemned as the pursuit of pecuniary self-interest, no one so reviled as the capitalist profiteer.

But now it is recognized that the modern economy, with its dismaying diversity of products, designs, designer styles and services, works only as individuals and firms identify and respond to what others want and, in greater or less measure, are compensated accordingly. The Russians, as

do we, see the entrepreneur as an escape from the heavy hand of industrial bureaucracy. Here emerges the ethic of self-interest. In keeping with this ethic, some will become affluent, perhaps even mildly rich. In larger consequence the social ethic must cohabit with that of personal gain.

Here again the parallel, or perhaps more precisely the mirror image, we in the United States, of course, avoid the ethic of self-interest, and therefore our history have we avowed it so eloquently, repetitively, even righteously as in these last years under Ronald Reagan. Yet our system requires that a very large number of people, both in government and out, labor in the public interest. Any lapse into personal money-making is strongly condemned and can be the object of legal action. We, too, must combine the social ethic with that of private gain.

This is the greatly publicized problem of the Reagan administration. It has brought to Washington numerous of the most committed and articulate advocates of the free enterprise faith — of pecuniary self-interest as a primary and deeply justified motivation. But once in office these men and women must suppress that faith as regards all personal activity and bend themselves fully to the social purpose.

Not surprisingly, many have not bent or are revealed to have had a too unbending earlier record of commitment to the ethic of self-interest. Such was the case of Deputy Secretary of Defense Paul Thayer, even though the pecuniary reward was on behalf of his mistress. And this is the present travail of Michael Deaver. All, however, are caught in a highly publicized way between the ethic of personal gain and that of social service. All can look with genuine sympathy on the Soviet entrepreneur who, taking advantage of the current liberalization, wonders if he won't one day be gravely condemned as an anti-social profiteer.

In Russia recently I asked a high official how he viewed the conflict between the ethic of self-interest and that of socialism as it manifested itself in the current moves to liberalize the Soviet economy. Was it a danger to Mr. Gorbachev and his policy? He said no. The conflict existed without doubt. But it always had existed, and what was now being done was to legitimize the pursuit of pecuniary gain that previously had been corruption.

The example pressed powerfully on my mind. Perhaps Mr. Reagan should seek legislation to allow the same legitimization in the United States. Let his free entrepreneurs be freed to make money as their faith approves. Let public office and the social ethic no longer be at odds with deeper free enterprise belief and motivation. But I found myself drawing back. This could be carrying convergence one step too far. As Mr. Gorbachev allows escape from the social and socialist ethic, I'm forced to urge Ronald Reagan to affirm his commitment to it.

The writer is an economist and professor emeritus at Harvard University, contributed this to The Washington Post.

A Sledgehammer Solution to Trade

By Roy Denman

WASHINGTON — A great debate on trade legislation is going on. What worries this European is that the stakes for the United States and the world are much bigger than some of the arguments that are being used in debate.

Take unfair trade practices. It is understandable that with the United States having a trade deficit last year of \$170 billion, there should be growing impatience with practices that impede U.S. exports. But the deficit is not essentially the result of unfair trade practices elsewhere. The deficit results from a combination of macro-economic factors (in this case the budget deficit, the exchange rate (now rapidly being changed) and the competitiveness of domestic industry. If all the "unfair" trade practices elsewhere were abolished, there might be a marginal change in the deficit — it has been estimated — of between \$10 billion and \$20 billion.

The second point is that trade practices seen as unfair are not limited to the trading partners of the United States. A list of some 30 U.S. trade barriers that impede European Community exports was updated a few weeks ago. Some examples:

Machine tools for the Department of Defense cannot be bought outside the United States or Canada. EC suppliers of switching and transmission equipment have difficulty sell-

ing to the U.S. market because of lengthy and costly approval procedures. The Federal Aviation Administration has announced onerous new inspection requirements for imported spare parts for aircraft — likely to discourage U.S. buyers from purchasing aircraft made in the EC.

We did not circulate this list with any hostile or aggressive intent. We did so to set the record straight.

It is dangerous to establish a rule that trading partners running a surplus should be beaten over the head if trade barriers objected to by the United States are not removed within a certain time. In 1981, the United States ran a trade surplus with the EC of \$18 billion. With the falling dollar, it could easily do so again.

Several other possible provisions of the new legislation have the same thrust: unilateral restrictions on textile imports; unilateral toughening of internationally agreed provisions on subsidies and dumping; a requirement for reciprocity in one sector (telecommunications), while foreigners could easily point to sectors where they give more favorable treatment to imports than does the United States, and demand reciprocity.

In all cases where there are disputes, the way to deal with them is to

negotiate a solution either bilaterally (which we have managed to do on a range of disputes) or multilaterally. The choice before us is a fundamental one. Do we continue with the one-world trading system, built up since the war with a great deal of American help, vision and leadership? Or do we take a sledgehammer to the fine-tuned mechanism of international trade, take the path of unilateral action, let the new trade round of negotiations go bust and go back to the 1930s?

The one-world trading system — set up under the aegis of the General Agreement on Tariffs and Trade — is not a perfect one. No human institution is. But it has made possible over the last 40 years the recorded increase in prosperity in the recorded history of the West. World trade is up in volume terms by a factor of seven, U.S. exports by a factor of five. The United States is now three times richer than it was at the end of the 1940s. A major contribution to this has been its rapidly increased involvement in world trade.

Hegel once said that the only thing men learn from history is that they learn nothing from history. Let us hope this time we prove him wrong.

The writer is head of delegation of the Commission of European Communities. He contributed this comment to The Washington Post.

Hot and Cold Hopes for Cambodia

By Murray Hiebert

PHNOM PENH — Vietnamese officials have not tired in recent months of telling foreign visitors that Hanoi will withdraw its 140,000 troops from Cambodia by the end of the decade. "We will leave Cambodia in 1990," Foreign Minister Nguyen Co Thach recently told a Swedish journalist. "This is a promise to the people of Vietnam and Cambodia."

Officials of the government in Phnom Penh seem a little less certain. Prime Minister Hun Sen said in an interview that if the phased reduction of the Vietnamese military presence was "taken advantage of" by guerrillas of the ousted Khmer Rouge regime and its allies, his administration would have to negotiate with Hanoi "to take appropriate measures."

Many Indo-China watchers question whether Hanoi will be able by 1990 to withdraw the army. First sent into Cambodia in 1978, the Vietnamese occupying forces continue to have difficulty maintaining security and building a loyal Cambodian Army.

Foreign visitors who are limited in their travels to the provinces around Phnom Penh, have trouble getting a clear picture of the situation.

Vietnamese officials say security in Cambodia has improved since their forces destroyed resistance bases on the Thai border in 1985. But the country is far from peaceful. In mid-April, the Khmer Rouge mounted a surprisingly large attack involving hundreds

of guerrillas near Takeo, about 50 miles (80 kilometers) south of here. Vietnamese diplomats say the several Cambodian divisions facing combat along the Thai border are becoming effective military units, but they admit that most of the 30,000 troops lack experience. Guerrilla leaders based in Thailand and diplomats in Bangkok are less generous. Most of Phnom Penh's soldiers, they say, lack motivation and discipline; many have deserted to join the resistance forces.

Some analysts say the continuing fighting and the weakness of the Cambodian Army will force the Vietnamese to delay their pullout. Others argue that Cambodian nationalism and Vietnam's domestic economic problems will push Hanoi's new leaders to seek an end to the occupation.

Cambodians in Phnom Penh worry about a possible return of the Khmer Rouge led by Pol Pot. More than two million people died from starvation, overwork and execution under Khmer Rouge rule from 1975 to 1979. But Cambodians also distrust Vietnam. As one said, "We all wish the Vietnamese would go home, but we can't stop the Khmer Rouge by ourselves."

Some Vietnamese officials recognize that Cambodian nationalism could create serious problems for Hanoi if the occupation continued.

One said candidly: "In their hearts, people hate Vietnamese, but in their heads they realize they owe Vietnam a debt of gratitude. People now realize that they have to be on good terms with us, otherwise they will face a greater danger."

Some recent visitors to Hanoi have concluded that the more pragmatic leaders there now know that they cannot pull Vietnam out of its economic tailspin without bringing the troops home from Cambodia. This has prompted some non-Communist countries in Southeast Asia, long opposed to Vietnam's occupation, to resume the search for a settlement.

On a visit to the Soviet Union in late May, Nguyen Van Linh, who was installed in December as leader of the Vietnamese Communist Party, repeated Hanoi's offer to talk with its non-Communist neighbors and China about Cambodia. But he again insisted that any troop withdrawal was linked to "the elimination of the genocidal Pol Pot clique" and "the termination of all foreign intervention in the internal affairs of Cambodia."

What he was saying was that Hanoi will not withdraw its troops until it is certain that the government in Cambodia will not be hostile to Vietnam.

The writer is a Bangkok-based correspondent of the Far Eastern Economic Review. He contributed this to the International Herald Tribune.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Convention Fever

CHICAGO — America, from the Atlantic to the Pacific, seethes with excitement regarding the outcome of the Republican National Convention, which opens here [June 18]. In all spectacular political history, there has been nothing like this struggle for office between President W.H. Taft and Theodore Roosevelt; the American people for the last week have talked almost of nothing else, and now the excitement has reached fever pitch because Mr. Roosevelt, tired of listening at Oyster Bay to reports from Chicago over the telephone, has dashed headlong into the fray, and at the time of writing, a street parade with a brass band in front of him, announced that his party would loudly bray, "Hail to the Chief" for the bill. This unexpected Who in Triumph Advance? As a result, one can only say that it will probably be a close-up. Delegates to the committee of the Senate and seem to be hopelessly in the dark.

1937: Blum Bill Passes

PARIS — After an all-night session, during the greater part of which the Chamber of Deputies seemed to be facing disaster, the Chamber of Deputies approved the government's request for full powers to deal with the financial crisis by 346 votes to 247 at 8:30 yesterday morning [June 16]. The change, which saved the government and paved the way for a virtual financial dictatorship over a limited period, came about 5 A.M., with a suddenness as dramatic as that with which the Communists announced their withdrawal of support from the government earlier in the night. Jacques Ducloux, Communist spokesman, announced that his party would support the bill. This unexpected Who in Triumph Advance? As a result, one can only say that it will probably be a close-up. Delegates to the committee of the Senate and seem to be hopelessly in the dark.

ARTS / LEISURE

A Palpable Hit, From Bergman

By Sheridan Morley

LONDON — The Ingmar Bergman "Hamlet," which has come to the National Theatre on a brief visit from Stockholm, is a sharp reminder that after 70 stage productions in 40 years Bergman remains the most flamboyant and exciting of directors, albeit one still known in Britain more for films than plays.

Opening in a circle of spotlights on a bare stage, in sharp contrast to

THE LONDON STAGE

the scenic excesses of the National's last visitors, the Schaubühne of West Berlin with O'Neill's "The Hairy Ape," this is a production of constant surprises, some very much more welcome than others. Even for those with no Swedish, it was clear that Bergman has done very drastic things to a text that is evidently regarded as more changeable in Scandinavia than it is here. Whole speeches (for example Ophelia's crucial "O, what a noble mind is here o'erthrown") have disappeared, and characters have an amazing habit of turning up in scenes where you have never seen them before.

Ophelia, in a haunting performance by Pernilla August, is thus inclined to wander around the stage like Alice in Wonderland, arriving in the middle of the closet scene between Hamlet and Gertrude or attacking her hair with scissors long before any mad scene written by Shakespeare. Bergman clearly doesn't care for sections of the text, notably the first three acts, which are raced through at amazing



The cast of "Blues in the Night."

speed before we come to linger over closing scenes of death and decay that are more to his liking.

Claudius is first discovered in a curious sexual attitude to Gertrude while surrounded by applauding courtiers dressed as high court judges; later he goes to bed with the Player Queen. Polonius initially is only stabbed in the eye by Hamlet. He then emerges from behind the arras. Hamlet discovers who he is and then gets around to killing the old man, an idea that would seem never to have occurred to Shakespeare, since the text makes it clear that Hamlet only knows he is the killer of Polonius after the event.

Then again, the ghost of Hamlet's father thoughtfully reappears at the end of the play to help his son kill Laertes, while the army of Fortinbras, having first come on stage apparently fresh from winning World War I, return as modern storm troopers complete with their own television unit for the recording of the final bloodbath. Hamlet is played largely in sunglasses and a black raincoat by Peter Stormare, while one of the most intriguing performances of the evening comes from Ulf Johansson as a sole gravedigger.

Yet for all its aberrations, this remains a "Hamlet" of constant fascination. The too, too solid flesh is clearly melting all over the court, and in cinema terms what we have is a treatment of the original rather than a faithful rendering of it. Not all the liberties are forgivable, and some are barely coherent; but there are moments of such brilliance (Ophelia handing out ratty nails to the court, convinced in her madness that she is clutching rosemary for remembrance, or the offstage gunshot that tells us Fortinbras has had Horatio killed to ease his succession to the throne) that you are more than a little inclined to forgive some of the attendant chaos.

In the title role, Stormare has something of the hollow-eyed despair of a young Max von Sydow, and this is perhaps above all a production for those already hooked on early Bergman films and keen to discover how he relates some of his own obsessions to a familiar plot. Not that the plot is that familiar by the time he has got through with it. The National was perhaps wise not to provide any kind of a translation, as even then it would have seemed distinctly foreign, the gravedigger drawing a worm from Yorick's skull, Hamlet kissing Horatio's lips in a rare moment of genuine love. Bergman's point would seem to be that this is a court where everyone is everywhere all the time, and where the disaffected, disenfranchised, disengaged central figure can see nothing around him but unnatural sexuality and corruption of all available flesh.

The show is played on a manic high, in states of modern undress, and though I have seen more classical and coherent renderings, I have never seen one that so constantly emphasized the sexual and social decay of a court where lechery and espionage are the major occupations of the residents.

It was the old dead-behind-those-eyes Archie Rice in Osborne's "The Entertainer" who

once talked unforgettably about the life-affirming qualities of the blues sung in the middle of the American night. Something of that spirit is captured at the Donmar Warehouse in Covent Garden where a show originally nominated for a Broadway Tony in 1982 has made its London debut. "Blues in the Night" is a blues musical set in a seedy Chicago hotel in the 1930s, but is also a show that someone seems to have begun to write and then abruptly abandoned in favor of a nostalgic song-by-song anthology. Thus we get an intriguing set by Michael Pavelka consisting of a bed, a dressing table, chairs and a cabin trunk full of old costumes, any of which could probably tell a story.

We also get four characters given thumbnail identification (woman of the world, girl with a date, man in saloon, lady from the road) and it looks as though somebody may once have thought of bringing them together in relationships that could explore two dozen of the greatest blues songs ever written and maybe give the musical some sort of dramatic structure. Instead, they have settled for what is essentially a tribute to Bessie Smith, though others celebrate Vernon Duke, Harold Arlen, Johnny Mercer and Jimmy Cox. Almost all are songs of lost love, lost dreams, wasted lives and broken spirits, which is why Carol Woods taking the roof off with "Take Me for a Buggy Ride" is such a first-half bonus.

For the record, the Rimsky-Korsakov revision of the score, now mainly retired in the West but still favored in Eastern European countries, is used here, the St. Basil scene is omitted, and the opera ends with Boris's death rather than the Kromy Forest scene.

And one serious complaint — the appalling sound system in the Palais des Congrès. Granted the sound needs reinforcing in this 3,700-seat auditorium, but the voices wandered all over in a way totally unrelated to onstage movement of the singers, while such offstage effects as the bells of the coronation scene emerged timely from a squawk box hanging on the proscenium. At the Betty sports arena, for four times as many people, this problem is far more smoothly handled.

"Boris Godunov," Palais des Congrès, 8:30 P.M. nightly through Saturday, 3 P.M. Saturday and Sunday. Performances June 23, 24 in Vichy, France.

By the second half, Woods has taken over as the true star of the evening, belting out the blues that once defined Bessie Smith before joining the other three (Debby Bishop, Clarke Peters and Maria Friedman) for company treatments of "Nobody Knows You When You're Down and Out" and "I Gotta Right to Sing the Blues." By then, two hours into the evening, "Blues in the Night" becomes a joyously theatrical and sweaty celebration of great American music.

A Polish 'Godunov': Drama and Grandeur

By David Stevens

PARIS — Musorgsky's "Boris Godunov," in a curious amalgam that comes from Warsaw's Teatr Wielki — Poland's leading state opera house — with important vocal reinforcements from the Soviet Union, is installed for a two-week run at the Palais des Congrès. Curious because opera is not one of Poland's customary exports, and because it is piquant to find a kind of Polish-Soviet collaboration on a work whose historical background is in part about Polish-Russian rivalry. Cultural politics makes strange bedfellows.

In any case the production, conceived for the vast stage of the Wielki and first mounted there in 1983, is an interesting one, presenting Musorgsky's vast fresco on a large scale, but in a series of fast-moving, almost cinematic changes that do not require a curtain between scenes. Essentially the stage is an open, steeply raked space with a backdrop of coarse fabrics. The drama and the grandeur of its historical events are suggested with often sumptuous costumes and fragmentary scenic elements instead of ponderously realistic constructed sets.

What is on view here may not be as impressive as in Warsaw, where the Wielki has one of the largest and most sophisticated stages in Europe, but the effect at the Palais des Congrès is impressive due to the wide stage and the reliance of the production on scenic elements that descend from the flies or slide on from the wings (although in Paris the sliding has to be done manually). It is a production meant to be seen from a distance, and in that sense it probably works better visually on the wide stage where it is being seen here than it would in a more conventional theater.

The first four scenes flow without a break in Marek Grzesinski's production. The link is shrewdly made by having Pimen, the monk-chronicler, stationed at a lectern in a corner of the stage from the beginning, as if silently observing and recording the events leading to Boris's coronation. He comes to life in the third scene, which ends with the young monk Grigory shedding his monastic garb as the set for the inn of the following scene is rolled on from the opposite wing.



A scene from "Boris Godunov."

Interestingly, no special effort is made to give the so-called Polish act a particularly exotic air. It has the same general color and atmosphere as the other scenes, as if to say this is only part of the same drama. It is also subjected to the standard opera house cuts. Only the music betrays the change of landscape.

Not all the ideas in this staging are wonderful. An extra character in the inn scene seems to be there for the gratuitous purpose of being stabbed by Grigory as he makes his escape from the inn on his way to the Lithuanian border and his career as the false Dmitry, and the mass movements tend to be unsuitable. But on the whole, the flow of scenes is handled in a way that minimizes the opera's episodic aspect.

It would have been nice if this had been a Polish show from top to bottom, but for a run of almost daily performances the Warsaw company evidently needed key vocal reinforcements. For all but one performance, the title role is rotated among three Soviet basses, and for the bass role of Pimen and the tenor Grigory/Dmitry, two of the three in each case are from Soviet opera houses.

Sunday it was the veteran Bolshoi bass Alexander Vedernikov —

he was heard in the role in Paris 18 years ago when the Moscow company; there is no longer much top to his voice, but he has a warm mid-range, imposing presence, an expressive phrasing, and he brings vast experience and understanding to the czar's tortured character. Mikhail Dzhuravlev, who is normally employed in Novosibirsk, was a Pimen of easy sonority at any depth. But the surprise was Vladimir Shcherbakov, an authentic dramatic tenor (from the Bolshoi) with an easy, trumpeting top that lent excitement to the false Dmitry's ambitions, and without the stridency that often comes with the Russian school of tenorizing.

The rest of the many roles were generally well handled by the home team, notably Kazimierz Pustelak's

city Shinsky and Krzysztof Szmyt's clear high tenor as the Innocent, but the Polish scene was marred by Ryszarda Raciewicz's decidedly squally and unseductive Marina.

Robert Sazanowski, the Wielki's

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IBM	101.11	101.00	101.00	+0.01
Microsoft	101.11	101.00	101.00	+0.01
General Electric	101.11	101.00	101.00	+0.01
Johnson & Johnson	101.11	101.00	101.00	+0.01
Merck & Co.	101.11	101.00	101.00	+0.01
Amgen	101.11	101.00	101.00	+0.01
Boehringer Mannheim	101.11	101.00	101.00	+0.01
Novartis	101.11	101.00	101.00	+0.01
Roche	101.11	101.00	101.00	+0.01
Sandoz	101.11	101.00	101.00	+0.01
Ciba-Geigy	101.11	101.00	101.00	+0.01
Novartis	101.11	101.00	101.00	+0.01
Roche	101.11	101.00	101.00	+0.01
Sandoz	101.11	101.00	101.00	+0.01
Ciba-Geigy	101.11	101.00	101.00	+0.01

Market Sales				
NYSE 4 p.m. volume	NYSE 4 p.m. close	NYSE 4 p.m. volume	NYSE 4 p.m. close	NYSE 4 p.m. volume
157,790,000	157,790,000	157,790,000	157,790,000	157,790,000
NYSE 4 p.m. volume	NYSE 4 p.m. close	NYSE 4 p.m. volume	NYSE 4 p.m. close	NYSE 4 p.m. volume
157,790,000	157,790,000	157,790,000	157,790,000	157,790,000
NYSE 4 p.m. volume	NYSE 4 p.m. close	NYSE 4 p.m. volume	NYSE 4 p.m. close	NYSE 4 p.m. volume
157,790,000	157,790,000	157,790,000	157,790,000	157,790,000

NYSE Index				
High	Low	Close	Chg.	Prev.
157.79	157.74	157.74	+0.01	157.73
Composite	157.79	157.74	+0.01	157.73
Industrials	157.79	157.74	+0.01	157.73
Transportation	157.79	157.74	+0.01	157.73
Utilities	157.79	157.74	+0.01	157.73
Finance	157.79	157.74	+0.01	157.73

NYSE Closing				
High	Low	Close	Chg.	Prev.
157.79	157.74	157.74	+0.01	157.73
Composite	157.79	157.74	+0.01	157.73
Industrials	157.79	157.74	+0.01	157.73
Transportation	157.79	157.74	+0.01	157.73
Utilities	157.79	157.74	+0.01	157.73
Finance	157.79	157.74	+0.01	157.73

AMEX Diary				
High	Low	Close	Chg.	Prev.
157.79	157.74	157.74	+0.01	157.73
Composite	157.79	157.74	+0.01	157.73
Industrials	157.79	157.74	+0.01	157.73
Transportation	157.79	157.74	+0.01	157.73
Utilities	157.79	157.74	+0.01	157.73
Finance	157.79	157.74	+0.01	157.73

NASDAQ Index				
High	Low	Close	Chg.	Prev.
157.79	157.74	157.74	+0.01	157.73
Composite	157.79	157.74	+0.01	157.73
Industrials	157.79	157.74	+0.01	157.73
Transportation	157.79	157.74	+0.01	157.73
Utilities	157.79	157.74	+0.01	157.73
Finance	157.79	157.74	+0.01	157.73

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
AT&T	32.78	32.74	32.74	+0.01
IBM	101.11	101.00	101.00	+0.01
Microsoft	101.11	101.00	101.00	+0.01
General Electric	101.11	101.00	101.00	+0.01
Johnson & Johnson	101.11	101.00	101.00	+0.01
Merck & Co.	101.11	101.00	101.00	+0.01
Amgen	101.11	101.00	101.00	+0.01
Boehringer Mannheim	101.11	101.00	101.00	+0.01
Novartis	101.11	101.00	101.00	+0.01
Roche	101.11	101.00	101.00	+0.01
Sandoz	101.11	101.00	101.00	+0.01
Ciba-Geigy	101.11	101.00	101.00	+0.01
Novartis	101.11	101.00	101.00	+0.01
Roche	101.11	101.00	101.00	+0.01
Sandoz	101.11	101.00	101.00	+0.01
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Dow Jones Bond Averages				
High	Low	Close	Chg.	Prev.
157.79	157.74	157.74	+0.01	157.73
Composite	157.79	157.74	+0.01	157.73
Industrials	157.79	157.74	+0.01	157.73
Transportation	157.79	157.74	+0.01	157.73
Utilities	157.79	157.74	+0.01	157.73
Finance	157.79	157.74	+0.01	157.73

Dow Reaches New Record High

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange rose Tuesday to record levels, pushing the Dow Jones industrial average to an all-time high.

The Dow, which has advanced 9 of the past 10 sessions, climbed 15.81 to 2,407.35, surpassing its previous record of 2,405.54 set on April 6. Advances led declines by an 8-7 ratio. Volume was about 158.42 million shares, up from 156.92 million traded Monday.

Prices were mixed in active trading of American Stock Exchange issues.

"The action astounded a lot of traders," said Peter Furniss of Smith Barney, Harris Upham & Co. He said that when the market refused to retreat, buyers had to come in from the sidelines.

The concerns that were weighing on the market in April and May have eased significantly, said Monte Gordon, an analyst at Dreyfus Corp.

"What we're looking at is a mood change," Mr. Gordon said. He said that several weeks ago, investors were worrying about a falling dollar and a rise in interest rates. "It looks like the dollar has at least temporarily stabilized. That's the trigger."

But he noted that underlying problems such as the U.S. budget deficit and the trade deficit have not been solved. The Dow "could go as high as 2,450, but between here and there it will be increasingly vulnerable to a small correction," he said.

Larry Wachtel of Prudential Bache Securities noted that volume was moderate and gains had only a modest lead over losses.

"This isn't going to bring in the money managers," he said.

The NYSE was narrowly lower for most of the morning as an approach to record levels, profit-taking in the bond market and a slightly weaker dollar inspired caution among equity investors.

Buying picked up as bonds erased morning losses. The broad market followed blue chips into positive territory by early afternoon.

"The driving force is that at the end of the quarter, money managers are going to be forced to play the market even if they don't understand why they are playing," said Ralph Block, senior vice president and chief market analyst at Raymond, James & Associates in St. Petersburg, Florida.

"In the past," he said, "too many of them have missed advances and have underperformed the market."

American Telephone & Telegraph was the most active NYSE-listed stock, gaining 3/4 to 27 1/2.

Southland Corp. followed, jumping 8 1/2 to 64 1/2, after a delayed opening caused by an order imbalance. Traders said they had heard rumors that a recapitalization plan was under study.

General Electric was third, down 3/4 to 53 1/2.

Mellon Bank gained 1 1/2 to 36 1/2. After the close Monday, Mellon announced a \$415 million addition to its reserves to cover foreign and domestic loans. Mellon said the move would result in a \$500 million loss for the second quarter.

Manufacturers Hanover, which said Tuesday that it was adding \$1.7 billion to its loan-loss reserve, advanced 1/4 to 45.

Dow Jones Averages				
Open	High	Low	Last	Chg.
2391.33	2415.36	2374.10	2407.35	+15.81
Indus	1011.47	1024.87	1015.25	+11.51
Trans	1011.47	1024.87	1015.25	+11.51
Util	1011.47	1024.87	1015.25	+11.51
Comp	1011.47	1024.87	1015.25	+11.51

Standard & Poor's Index				
High	Low	Close	Chg.	Prev.
157.79	157.74	157.74	+0.01	157.73
Composite	157.79	157.74	+0.01	157.73
Industrials	157.79	157.74	+0.01	157.73
Transportation	157.79	157.74	+0.01	157.73
Utilities	157.79	157.74	+0.01	157.73
Finance	157.79	157.74	+0.01	157.73

NASDAQ Diary				
High	Low	Close	Chg.	Prev.
157.79	157.74	157.74	+0.01	157.73
Composite	157.79	157.74	+0.01	157.73
Industrials	157.79	157.74	+0.01	157.73
Transportation	157.79	157.74	+0.01	157.73
Utilities	157.79	157.74	+0.01	157.73
Finance	157.79	157.74	+0.01	157.73

AMEX Stock Index				
High	Low	Close	Chg.	Prev.
157.79	157.74	157.74	+0.01	157.73
Composite	157.79	157.74	+0.01	157.73
Industrials	157.79	157.74	+0.01	157.73
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Netherlands Fl.	650	360	198	Fl. 1.21 Fl. 440
Norway* N.Kr.	1,800	990	540	N.Kr. 3.05 N.Kr. 1,110
Portugal Esc.	22,000	12,000	6,600	Esc. 64.56 Esc. 23,500
Spain* Ptas.	29,000	16,000	8,800	Ptas. 55.33 Ptas. 20,140
Sweden* S.Kr.	1,800	990	540	S.Kr. 3.05 S.Kr. 1,110
Switzerland S.Fr.	510	280	154	S.Fr. 1.10 S.Fr. 400
Rest of Europe, North Africa, former France, Middle East	430	230	125	
Rest of Africa, Gulf States, Asia	580	320	175	Varies by country.

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WEDNESDAY, JUNE 17, 1987

MADISON AVENUE

Campbell-Mithun's Boast:
No. 1 in the Hinterlands

By PHILIP H. DOUGHERTY

New York Times Service

NEW YORK — Campbell-Mithun Advertising of Minneapolis, acquired last summer by Britain's Saatchi & Saatchi, probably is now the biggest U.S. ad agency outside New York and Chicago, according to the boss. William D. Dunlap, Campbell-Mithun's chairman and chief executive, said during a recent trip here that the agency is billing at a rate of \$425 million worth of accounts a year, compared with about \$200 million when he joined in 1981 as president.

He expects that figure to climb to an annual rate of \$450 million by the end of this year, up from \$380 million last year. He said that for the Saatchi & Saatchi fiscal year ended Sept. 30, Campbell-Mithun's net profit was up 31 percent from the previous year.

It claims to be the hottest "new product" agency in the United States.

Mr. Dunlap, 49, is equally pleased when he talks about an improved creative product. He arrived at Campbell-Mithun after starting at Procter & Gamble Co., where he was marketing director. He moved on to the U.S. Postal Service as assistant postmaster general for consumer marketing, and then to MCA Advertising, where he was a founder and president.

Mr. Dunlap has been investing a considerable amount of time and money on the agency's creative side. He believes he has accomplished this at its Minneapolis headquarters and now intends to turn his efforts to the Chicago office, which handles about one-third of the agency's billings.

He should find it far easier to import talent to Chicago than to Minneapolis, although he claims that employees love Minneapolis after they get there.

Campbell-Mithun Advertising has 15 new products that are rolling into national distribution and four more waiting in the wings. Mr. Dunlap asserted, "I think we are the hottest new product agency in America." The products include Sudden's Salad and Ice Cream Cone Cereal from General Mills Inc.; the Blizzard, a goosy soft shake treat from Dairy Queen; a Window Insulation Kit from Minnesota Mining & Manufacturing Co., and Texura, a product that gives body to fine hair, from L'Oréal Inc.

TO "MAKE margins and to succeed over time," Mr. Dunlap said, "companies have to be first or second in a category and have new products adding to the arsenal all the time."

Charles Jones, 39, a financial consultant, has become the first chief executive in North America for Sandwick PLC, his former client and a publicly held British company that he described as the world's largest independent public relations group.

Since embarking recently on a buying spree in the United States, Sandwick has acquired Rogers & Cowan of Beverly Hills, California; Henry J. Kaufman Associates, an advertising and public relations firm in Washington; and Rand Public Relations in New York.

All of those acquisitions were arranged by First Funding Corp. of Stamford, Connecticut, of which Mr. Jones, an American, has been managing director.

For some people the essence of a Rolls-Royce is the luxurious scent of its leather upholstery. Accordingly, Rolls-Royce Motorcars, the Lyndhurst, New Jersey marketer of the British luxury vehicle, has bought a spread in the July issue of Architectural Digest magazine featuring a lot of leather interiors and carrying a scent strip manufactured by Webcraft Technologies. Scratch the strip and inhale the redolence of the finest British leather. The headline: "This, in essence, is Rolls-Royce."

For readers whose buying juices are thus activated, the ad carries a toll-free 800 number to arrange for a test drive.

NatWest
Adds to
Reserves£466 Million
On Debt Risk

By Warren Getler

International Herald Tribune

LONDON — Britain's largest bank, National Westminster Bank PLC, said Tuesday that it was raising its reserves against possible loan losses by £466 million (\$760 million at current rates) for the first half of 1987.

NatWest, which has the smallest exposure to Third World debt among Britain's Big Four clearing banks, said the provision would reduce — but not eliminate — profit for the half-year.

The provision, the first by a British bank since Citicorp announced a \$3 billion set-aside in May, means that NatWest's first-half net profit will fall short of the £235 million net posted in the first half of 1986, the bank said. NatWest will report interim results on July 28.

Derek Bullman, banking analyst with the London brokerage James Capel & Co., said the firm had revised downward its projection for the bank's first-half pretax profit to £200 million, from an earlier estimate of £600 million, in light of the announcement.

"For the full year, we're projecting £870 million, down from the previous estimate of £1.27 billion," Mr. Bullman said.

Market reaction to NatWest's move was immediate and positive. The bank's share price soared to 753 pence, from 703 pence, boosting most other bank stocks with it.

Keith Brown, who monitors bank shares for Greenwell Montagu Securities in London, said, "NatWest's move was pretty much inevitable. They're just being more conservative than anticipated."

NatWest said that by adding £466 million to its debt provisions, the bank was raising its risk coverage to 29.8 percent, from 13 percent, on its £2.78 billion loan exposure to 35 countries with payment difficulties.

Of that total, Brazil accounts for £483 million; Mexico, £274 million; other Central and South American countries, £938 million, and the

See NATWEST, Page 14



The ground floor showroom at Honda's headquarters in Tokyo. Inset, Tadashi Kume, the company's president.

Spirit of Adventure Drives Honda

But Innovative Car Maker Has an Image Problem at Home

By Susan Chira

New York Times Service

TOKYO — A bright aqua-colored car, one of Honda's latest models, is displayed in the center of the lobby of the company's new headquarters in Tokyo's chic Aoyama district. Dozens of motorcycles and several other cars crowd the first floor. Visitors can order soft drinks or coffee at a counter and sit to watch videotapes of Honda products. The scene is lively, sophisticated and free-wheeling.

And it aptly reflects Honda Motor Co., a bustling, risk-oriented company known for innovation and for doing some things in very an-Japanese ways. Many analysts believe that Honda's enterprising spirit has been primarily responsible for its dazzling success.

That spirit is epitomized by Tadashi Kume, Honda's president. While still a young engineer, Mr. Kume walked out after failing to convince Soichiro Honda, the company's strong-willed founder, that Honda should switch from air-cooled to water-cooled engines.

Lured back by a promise that he could work on a new engine, Mr. Kume and like-minded engineers came up in 1971 with a technological triumph, the fuel-efficient CVCC, the first engine to pass strict U.S. exhaust emission standards.

Now Mr. Kume says he wants his employees to follow his example, flouting the Japanese convention that a junior employee should not question his senior.

"I want them to do what I did to *oyaji-san*," Mr. Kume said, using a familiar and affectionate term for Mr. Honda.

"If juniors don't rebel against their seniors, that means there is no progress," he said.

It is this adventuresome attitude that drives Honda. Although the company did not produce its first car until 1963, it became the first of the Japanese companies to manufacture cars in the United States, in 1982. Last year, it became the top-selling Japanese car company in the United States, surpassing such rivals as Toyota Motor Co. and Nissan Motor Co.

And with its introduction last year of the Acura line, Honda became the first Japanese automaker to move into the luxury-car market.

But even as Honda rides high, it faces challenges on several fronts. Toyota and Nissan still lead Honda in Japan. Honda has deftly reached out to young people with sporty, low-priced cars, but is still trying to come up with a car to appeal to the growing ranks of middle-aged buyers.

The strong yen continues to depress profits and — for the first time since the yen began its rise against the dollar two years ago — is cutting into sales as well.

Moreover, the small-car market in the United States is expected to grow increasingly competitive as U.S. manufacturers offer better-quality cars and as South Korea increases its offerings.

With the possible exception of Toyota, however, Honda may well be the Japanese automaker best equipped to surmount these challenges, drawing on its tradition of innovation, a devotion to advanced engineering and a carefully cultivated esprit de corps.

These qualities have been inherited from Hon-

See HONDA, Page 17

Japan's GNP
Rose 1.2% in
Final Quarter

Reuters

TOKYO — Japan's gross national product rose an inflation-adjusted 1.2 percent in its fourth fiscal quarter after a downwardly revised 0.7 percent increase in the previous three months, the Economic Planning Agency said Tuesday.

The rise in the third quarter, ended Dec. 31, had been estimated at 0.8 percent.

The growth rate in the fourth quarter ended March 31 accelerated to 4.9 percent on an annual basis, from 2.9 percent in October-December.

However, the EPA reported that the performance for fiscal 1986-87 was the worst since 1974-75. For the year ended March 31, GNP rose 2.6 percent, after a 4.3 percent increase in 1985-86, and was below the government's revised forecast of 3 percent.

In fiscal 74-75, GNP, the total output of good and services, contracted by 0.4 percent.

Economists said the strong yen was largely to blame for the slow-down in economic growth in 1986-87. The yen's 45 percent rise against the dollar in the past two years has hurt Japan's exporters, forcing them to lose profits and sales in the U.S. market.

But a large part of the bounce in the January-March quarter resulted from a recovery in exports. While that is good news for the economy, it is bad news for Japan's efforts to soothe U.S. anger over its large trade surplus.

Domestic demand increased 0.7 percent in the January-March quarter and 4.3 percent for the fiscal year, compared with growth of 0.6 percent in October-December and 3.7 percent in 1985-86.

Government officials, including Finance Minister Kiichi Miyazawa, said the worst may be over for the Japanese economy after the news of the stronger-than-expected growth in the January-March period. They said that Japanese consumers were starting to spend more and companies seem to have finally reduced inventories. But private economists were not so sure and said the economy was

unlikely to achieve the government's 3.5 percent growth forecast in the current fiscal year.

The government economists acknowledged that the improved export performance last quarter was unlikely to be repeated. The volume of exports during the period was up 2 percent from the previous three months.

Kosaku Furuta, Dai-ichi Kangyo Bank's chief economist, said he was unable to say that the economy had bottomed out, but added that he expected increasing signs of recovery.

Housing is expected to remain buoyant, backed by lower interest rates, as well as government policies to stimulate the sector, he said.

Housing Starts
Slump in U.S.,
But Output Rises

Reuters

WASHINGTON — U.S. housing starts slumped in May to the lowest level in two and a half years, but production at the nation's factories increased, the government reported Tuesday.

Housing starts fell 2.7 percent last month to an annual rate of 1.62 million units, the lowest rate since December 1984, the Commerce Department said.

The May decline in housing starts followed a revised 3.8 percent drop in April. The April decline originally was reported as 2.9 percent.

The Federal Reserve Board, meanwhile, reported that U.S. industrial production rose 0.5 percent in May after a revised 0.1 percent decline in April. The drop in April was originally reported as 0.4 percent. The Fed said that the gains in output were widespread.

The decline in new housing construction is certain to renew fears that rising interest rates could strangle growth in the sluggish U.S. economy.

Currency Rates

Cross Rates	June 16
American dollar	100.00
British pound	163.25
French franc	6.55
German mark	1.36
Italian lira	2.36
Japanese yen	163.25
Netherlands guilder	3.60
Swiss franc	1.48
Spanish peseta	166.67
U.S. dollar	100.00

Continues in London and Zurich, futures in other European centers. New York closed at 4 P.M. 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COUNTRY	RUS. \$	US \$
Australia	185.4	118
Belgium		27
France		207
Germany		16
Netherlands		387
Singapore		1291
Sweden		185.4
UK		2049
US A		166.3
Total	185.4	2049
US \$ equivalent	166.3	2049
TOTAL YEARLY	\$80.0	\$74

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BUSINESS ROUNDUP

Maxwell Sets \$1 Billion Rights Issue

By Warren Getler
International Herald Tribune

LONDON — British Printing & Communications Co., the cornerstone company of British publisher Robert Maxwell, launched a £630 million (\$1 billion) rights issue on the London Stock Exchange Tuesday in an apparent signal that it will pursue an offer to acquire Harcourt Brace Jovanovich Inc.

Harcourt, a prestigious U.S. textbook publisher, has rejected Mr. Maxwell's \$2 billion offer and launched a \$3 billion "poison pill" recapitalization plan. Mr. Maxwell, who subsequently withdrew his offer, has filed suit in the U.S. courts to void the plan.

BPCC said Tuesday it would offer shareholders the right to purchase an additional 20 BPCC shares at 265 pence each, for every three shares they currently hold. On news of the rights issue, BPCC's share price fell 13 pence on the London Stock Exchange, to 289 pence.

"Maxwell had indicated that he was prepared to spend perhaps £2.5 billion on acquisitions, and that about a quarter of that sum should

be equity-funded," said Tony Willis, publishing industry analyst with L. Messel & Co.

"By launching the rights issue now, he has taken speculation out of the market, which could have weighed on BPCC's share price over the next year," he said.

BPCC said the rights issue, which had been widely expected by analysts, is not necessarily linked to the Harcourt bid.

"The net proceeds of the rights issue will provide substantial cash resources with which to pursue the next stage of the group's acquisition program, particularly in North America," it said. The company added that funds raised would also be allocated to the company's own capital expenditure program.

"If BPCC is successful in acquiring

Harcourt, it would be a significant

move for the group, which would then be a major player in the U.S. market for books and educational services.

Under the plan, the company would pay its shareholders \$40 for each share they hold. In addition, shareholders would retain their shares and would receive one share of a new preferred stock.

Pergamon Holding Foundation of Lichtenstein, Mr. Maxwell's holding company, owns a controlling 50 percent share in BPCC and is expected to take up half of the rights issue announced Tuesday.

ing Harcourt Brace Jovanovich, these cash resources will be used to fund part of the acquisition cost," it said.

L. Messel's Mr. Willis said he believes that Mr. Maxwell will bid for Harcourt if HBJ's recapitalization plan is ruled illegal in the U.S. courts.

"He can certainly afford to offer more than the original \$44 a share," Mr. Willis said. "But whether he can increase his bid above the value of Harcourt's recapitalization scheme—if that plan is allowed—is uncertain."

Harcourt's recapitalization plan is valued by analysts at more than \$54 a share.

Under the plan, the company would pay its shareholders \$40 for each share they hold. In addition, shareholders would retain their shares and would receive one share of a new preferred stock.

Pergamon Holding Foundation of Lichtenstein, Mr. Maxwell's holding company, owns a controlling 50 percent share in BPCC and is expected to take up half of the rights issue announced Tuesday.

The airline's net profits fell to 580 million francs (currently \$95.1 million) last year from 729 million francs in 1985.

Minister Suggests Sale to Public of Air France Stake

Reuters

PARIS — A stake in Air France, the state airline, could be sold to the public as a way of financing a renewal of its fleet without making demands on the taxpayer, Transport Minister Jacques Douffignies said Tuesday.

But he ruled out a complete sell-off. "There is no question of a wholesale privatization," he said. "Air France will remain a state airline."

Speaking at the Paris Air Show, he said he was preparing to suggest to the airlines that part of its capital be floated off. "It would be a question of allowing French people to become partial shareholders in this prestigious company," he said.

The airline's net profits fell to 580 million francs (currently \$95.1 million) last year from 729 million francs in 1985.

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Revlon to Buy Ritz Labels From Yves Saint Laurent

Reuters

PARIS — Yves Saint Laurent International SA said Tuesday it had agreed to sell some popular products of Charles of the Ritz, its American beauty products line, to the New York cosmetics company Revlon Group Inc. for \$150 million in cash.

But company sources said that YSL would retain ownership of the Ritz's luxury perfumes. YSL's chairman, Pierre Bergé, said that the move was part of a plan "to concentrate our efforts on our international reputation for designer luxury products."

The sale follows the joint acquisition of Charles of the Ritz in November by YSL and Ceres SA, the French holding company of the Italian financier and industrialist Carlo de Benedetti. The move was aimed at expanding the two companies' sales in the United States.

A spokesman for Mr. Bergé said in February that the fashion concern would sell most of the popularly priced lines of Charles of the

Ritz to reduce debt from the \$630 million acquisition.

Ceres owns 12.5 percent of YSL International, as well as 37 percent of its parent, Yves Saint Laurent SA.

YSL said that the product lines being sold include Bain de Soleil, Jean Naté and some popularly priced fragrances as well as Charles of the Ritz and Alexandra de Mar-koff cosmetics.

In Cincinnati, Ohio, meanwhile, the consumer products giant Procter & Gamble Co. said that its Richardson-Vicks unit had signed an agreement to purchase Bain de Soleil's worldwide rights from Revlon for an undisclosed amount.

The YSL-Revlon agreement is the latest in a series of sales in France's perfume and luxury goods sector.

Roussel-Uclaf SA, the French pharmaceutical, chemical and cosmetics company, said last week it had sold the Parfums Rochas line to the West German hair-care company Wella AG.

NATWEST: Adds to Reserves

(Continued from first finance page)

rest of the world, £780 million, it said.

NatWest's move is a departure from past practice among British clearing banks. Until now, the banks have pursued a "gradual" response toward cushioning reserves for bad debt rather than

midyear one-time provisions.

But banking analysts had expected British banks to follow Citicorp's lead, especially after the Bank of England told British banks that they should increase their provisions to cover Third World loans.

The Citicorp move, which will lead to a \$2.5 billion loss in the quarter and a \$1 billion loss for the year, has been followed by most other large U.S. banks.

Of the three other U.K. clearing banks, James Capel estimates Midland Bank's exposure at £2.3 billion, Lloyds Bank's at £4.45 billion and Barclays Bank at £3.8 billion.

Midland, which has had weak profits growth in recent years, would be the most hard-pressed to make a loan-loss provision of up to £1 billion, necessary to cover its large exposure, said Mr. Brown of Greenwell.

A provision of £1 billion would force the bank into a loss for the full year, he added.

Lloyds has been rumored to be considering adding up to £650 million to its reserves on Third World debt.

Manufacturers Hovever

Manufacturers Hanover Corp. said Tuesday that it is adding \$1.7 billion to its reserves for potential loan losses, which will result in a net loss of about \$1.4 billion for the second quarter and \$1.05 billion for all of 1987, Reuters reported from New York.

The decision, which had been widely expected, reflected recent developments, including Brazil's suspension of interest payments and similar moves by other banks.

Manufacturers Hanover, the sixth-largest U.S. bank group, said that the large provision will raise its reserve for potential loan losses to \$2.7 billion, or 4.9 percent of total loans, as of March 31.

Bankers Trust

Meanwhile, banking sources said that Bankers Trust New York Corp. has added \$700 million to its reserves for potential losses on its loans to less developed countries, Reuters reported from New York.

They were commenting on a report by Moody's Investors Service that was inadvertently sent out earlier Tuesday in advance of an official statement by the company.

Bankers Trust and Moody's declined to comment.

Valin Pollin To Buy Carter Organization

Reuters

LONDON — Valin Pollin International PLC, a British public relations group, said Tuesday that it has agreed to acquire New York-based Carter Organization Inc. for up to \$114.6 million.

Initial payment will be \$51 million with further payments based on pre-tax profits over the three years ending on Sept. 30, 1990. Carter specializes in investor relations, consultancy and proxy solicitation and earned \$16 million last year on revenue of \$35.4 million.

The first payment would be through the issue of new Valin Pollin ordinary shares to Carter's chairman, Donald Carter.

Valin said it also planned to issue new ordinary shares.

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Analysts See Gloomy Future for German Building Industry

Reuters

FRANKFURT — West Germany's building industry, the cornerstone of the country's postwar economic recovery, is facing a bleak future as foreign orders dwindle and competition increases for fewer domestic contracts, analysts say.

The latest results from Philipp Holzmann AG and Hochtief AG, two of the leading builders, show that 1987 will be another difficult year.

"Holzmann's latest figures were a catastrophe," said Volker Brandt, an analyst at Berliner Handels- & Frankfurt Bank.

Holzmann and Hochtief both reported large drops in group construction output so far this year, as well as falling profits in 1986. They expect a further deterioration in 1987 results.

Hans Peter Wodnick, analyst at the Bank in Lichtenstein GmbH in Frankfurt, said, "I am negative about the building sector, as it is difficult to get orders abroad and orders already on the books may not bring profits."

Holzmann's output in foreign markets, not including the United States, dropped 43.8 percent to 222 million Deutsche marks (\$123 million) in the first five months of 1987. Hochtief

said foreign orders dropped 24 percent in the first four months, but it gave no details.

Mr. Brandt, along with other analysts, said he expected Holzmann to reduce its dividend this year to around 8 DM from 10 DM.

Mr. Wodnick predicted that Holzmann would report a profit for 1987, because it had a big net interest income that accounted for a large part of net profit. "The operating results could be negative but the net profit should be in the black," he said.

Mr. Brandt expects Holzmann to report a smaller profit in 1987 and said its U.S. unit, Jones Construction Co., would post further losses. He added that Holzmann may take money out of reserves to break even.

Hartmut Schoenell, spokesman for the West German builders' association, said, however, that growth was holding at a relatively good level.

"I do not see the industry's future as that bleak," he said. "The building industry will shrink over the next few years and consolidate at a lower level, which is good and necessary in order to make profits."

He agreed that foreign construction would recede further, especially in nations of the Organization of Petroleum Exporting Countries

because of the sharp decline of the dollar, the trading currency for oil. "But the domestic sector is better and will continue at a satisfactory level," he added.

In 1986, the construction industry accounted for 15 percent of West Germany's gross national product, the nation's total output of goods and services. Construction has been boosted by funding from local authorities, but that government-funded support is not certain after 1987, when many projects will be finished.

"Local authorities will invest less money in public construction in 1988 and home construction is not growing," Mr. Brandt said. "I do not see a sharp recession, as we had some two years ago, but I foresee a small fall or stagnation."

Market sources said big building companies faced a bleak future because they did not anticipate the effects of lower oil prices on OPEC countries quickly enough and efforts to streamline operations came too late.

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Steel Employers Join Unions In Pressing Bonn for Funds

Reuters

BONN — West German steel employers and unions demanded Tuesday that the government provide about \$40 million Deutsche marks (\$460.5 million) to lay off or retrain 20,000 workers whose jobs are threatened by a slump in the industry.

The government spokesman, Friedrich Ost, said that Chancellor Helmut Kohl reviewed an unusual joint proposal by employers and unions at a special meeting with industry representatives.

Up to 30,000 West German steel jobs are at risk in the next few years following steep profit declines in the industry since the middle of last year.

An extensive restructuring of plants in the industrial heartland of the Ruhr and in the Rhineland cannot make up for profit declines resulting from a weak U.S. dollar and depressed foreign demand, industry officials say.

The European steel industry also has been hurt by competition from newly industrialized nations.

After seeing profits plunge, companies such as Fried. Krupp GmbH and Hoesch Werke AG decided to team with their traditional opponent, the metal workers' union IG Metall, to seek government funds.

A spokesman for IG Metall said that the joint proposal envisages severance pay for 10,000 workers in Ruhr and Rhineland plants. About 6,000 workers would be redeployed in nonmanufacturing sectors of the

steel industry, and 4,000 would be eligible for retraining.

IG Metall estimates that the severance payments would amount to 600 million DM and that retraining would cost 240 million DM.

Government officials said that Bonn was prepared to join in seeking a solution. But they said that it could not provide the full amount requested for layoffs because it is struggling to finance tax cuts by slashing state subsidies.

Labor Minister Norbert Blum warned the industry last week not to proceed with mass layoffs.

Both employers and union leaders have complained that the government has not done enough to

BUSINESS PEOPLE

Mitel Looking for New Chairman

By Arthur Higbee
International Herald Tribune

Mitel Corp., a major Canadian maker of telecommunications equipment, is looking for a new chief who can keep it on track toward a return to profitability.

The company said its current president and chief executive, Anthony F. Griffiths, had fulfilled his mandate and would move up to chairman. A directors' committee of the Kanata, Ontario, company will select his replacement.

Mr. Griffiths, 55, put Mitel on a solid financial footing after several years of losses, a spokeswoman told *The New York Times*.

Mr. Griffiths will succeed David Golden, 66, as chairman. Mr. Golden, who is associated with Telesat Canada, was not involved in Mitel's day-to-day operations. Mr. Griffiths's role as chairman is still to be defined, the company said.

In the fiscal year ending in March 1986, the company lost \$160.2 million Canadian dollars (\$120 million). It reduced that loss to \$80.5 million in the most recent year.

Mitel's financial rescue came from British Telecommunications PLC, which bought 51 percent of the company in March 1986 for about \$283 million.

The U.S. Commerce Department's newly designated assistant

secretary for trade development is Charles E. Cobb Jr., chairman and chief executive officer of Arvida Disney Corp., a resort development company in Miami. Mr. Cobb, 51, was nominated Tuesday to replace Harold Peter Goldfield, who has joined the Washington law firm of Swidler & Berlin. Mr. Goldfield, 35, also heads his own firm, Strategic Resources Corp.

General Signal Corp. of Stamford, Connecticut, a manufacturer of process control equipment, said its Leeds & Northrup International subsidiary in Birmingham, England, has formed Leeds & Northrup Europe to consolidate European operations. It will be headed by Eugene E. Geraci, an American, as vice president for Europe. He will continue to be managing director of Leeds & Northrup U.K. and Ireland.

Philips International of Eindhoven, Netherlands, which runs foreign operations for the Dutch electronics giant, has promoted Peter F.M. Ooms to director in charge of its Scientific and Analytical Equipment group. Mr. Ooms, 45, had been manager of Philips Welding Co. of Utrecht, the Netherlands. He replaces Peter van Dalen, who had been promoted to manager of the Industrial & Electro-Acoustic Systems Division.

Barclays Bank PLC said its in-

vestment banking arm, Barclays de Zoete Wedd, has formed a new subsidiary to deal in the full range of U.S. government securities: Barclays de Zoete Wedd Government Securities Inc. Barclays said it has hired four professionals from Kidder Peabody & Co., the New York investment firm, to manage the new firm. They are Bernard Grigsby, 38, who will be chief executive officer; Samuel Marrone, 43, chief operating officer; and Andrew M. Kessel, 31, and Robert L. Harding, 33, as directors. Mr. Harding will be based in London; the others, in New York.

Banque Nationale de Paris has promoted Baudouin Prot, a senior vice president, to deputy to the senior executive vice president, Jean Cagne. Mr. Prot, 36, a graduate of both the French school of commerce and the Ecole Nationale d'Administration, attained the rank of *inspecteur des finances* in the French government before joining BNP in 1983. Since 1985 he has been director of the European department in the international division.

S.C. Johnson & Sons Co., the Racine, Wisconsin, maker of household products, has promoted Jacques E. Andriessens to regional director for Europe. Mr. Andriessens, 53, a Belgian, had headed La Johnson Française in Paris since

Bates Europe Recruits Chief For Client Ties

International Herald Tribune

LONDON — Ted Bates Worldwide has recruited Thomas F. McGuire, a linguist and veteran of European advertising, as senior vice president and director of international client service for Europe.

For the past six years Mr. McGuire has been an executive with BBDO in Brussels, Paris and London. He will be based at the Ted Bates Europe headquarters in London, supervising client relations and the search for new business. A Bates spokeswoman said.

A native New Yorker, Mr. McGuire, 36, is fluent in Italian, French and Russian in addition to English.

Ted Bates is the largest component of Saatchi & Saatchi of London, the world's biggest advertising company.

1980. He will be based in London. Hongkong & Shanghai Banking Corp., the colony's quasi central bank, has promoted Peter Wingham from general manager to executive board director, replacing Angus Peirce, who is retiring.

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THE GLOBAL INVESTMENT HOUSE

Mellon Names Cahouet Chairman, Forecasts \$500 Million Loss

By Eric N. Berg
New York Times Service

NEW YORK — Mellon Bank Corp. has named as its new chairman and chief executive a banker known for his ability to turn around ailing institutions, and has simultaneously forecast a \$500 million second-quarter loss.

The loss — after a \$59.8 million loss in the first quarter — reflects the bank's action to gird itself for mounting losses in its loan portfolio.

The new head is Frank V. Cahouet, who announced Monday that he would leave his post as president at the Federal National Mortgage Association. He replaces J. David Barnes, who was dismissed by Mellon's board in April after the Pittsburgh-based bank holding company reported its first quarter loss and cut its dividend in half.

The selection of Mr. Cahouet, 55, received a warm response in the investment community, and Mellon's stock rose \$1.50, to \$36.625, Tuesday on the announcement.

Before joining Fannie Mae nine months ago, Mr. Cahouet (pronounced COW-et) was chief executive of Crocker National Bank, an organization that had been hemorrhaging from bad loans. He restored

it to profitability so that it could be sold to Wells Fargo Corp.

Mellon's caretaker chairman, Nathan W. Pearson, said Monday that its directors had chosen Mr. Cahouet because they viewed Mellon's plight as similar to that of Crocker.

Before Crocker, he spent 24 years at Security Pacific Corp., where he built the bank's overseas operations in Europe and the Middle East, then

'We're talking of a breakdown in credit quality. That is something one guy cannot fix immediately.'

— Douglas Stone, banking analyst

went on to establish several non-bank businesses, including leasing and factoring. Once one of the mightiest banks in America, Mellon was the venture capitalist to such giants as Gulf Oil, Alcoa and U.S. Steel. But it fell on hard times a little more than a year ago as its strategy undertaken in the early 1980s to expand overseas and to finance small energy companies in the Southwestern United States came home to roost.

On March 31, Mellon's \$1.66 billion in problem assets equaled 7.1 percent of the bank's total loans and leases — one of the highest ratios in American banking. Mellon's net lending losses as a percentage of loans and leases nearly tripled last year, to 0.86 percent, from the 1982 level. And its reserve for loan losses — an indicator of what a bank's management thinks lies ahead for

the institution's loan portfolio — reached a record 2.5 percent at the end of the 1987 first quarter.

The \$500 million second-quarter loss will result from Mellon's decision to add \$415 million to its loan loss reserves — \$290 million for international loans and \$125 million for domestic problem assets. The move should increase Mellon's "coverage" of problem loans, or their reserves as a proportion of problem loans, to 66 percent.

Restoring Mellon to profitability will take time, analysts said.

"Cahouet is a good, proven manager, and he did a marvelous job at Crocker," said Douglas Stone, an analyst at Prudential-Bache Securities.

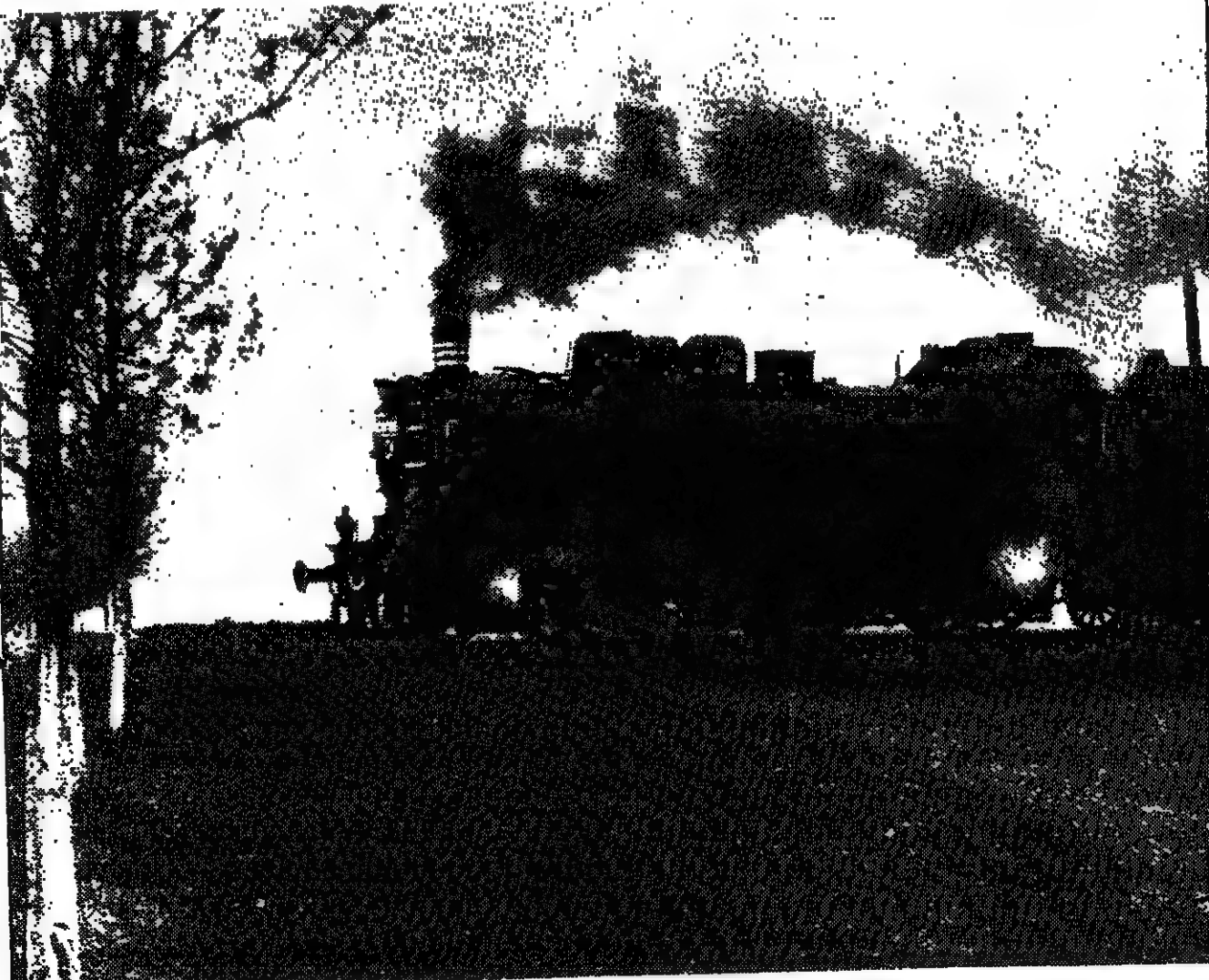
"But the problems at Mellon go a lot deeper than Dave Barnes. We're talking of a breakdown in credit quality. That is something one guy cannot fix immediately."

Equally troubling, analysts say, is that so much of Mellon's problems stem from bad energy loans. If Mellon chooses to restructure these loans or to sell energy-related assets acquired in foreclosure, it will undoubtedly suffer losses, analysts say. But the alternative may be worse: continuing to tie the bank's financial future to the oil market.

"Individuals can make a difference in situations like these, but individuals cannot alter the time element," said Dina I. Oddis, an analyst at Janney Montgomery Scott Inc., a brokerage in Philadelphia.

Mr. Cahouet, however, who will move to Pittsburgh next Monday and start work that day, thinks the problems are manageable. He said Monday that he would not have accepted the job had he felt Mellon was a lost cause.

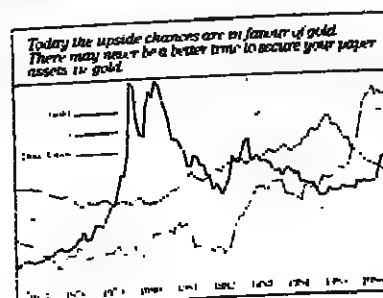
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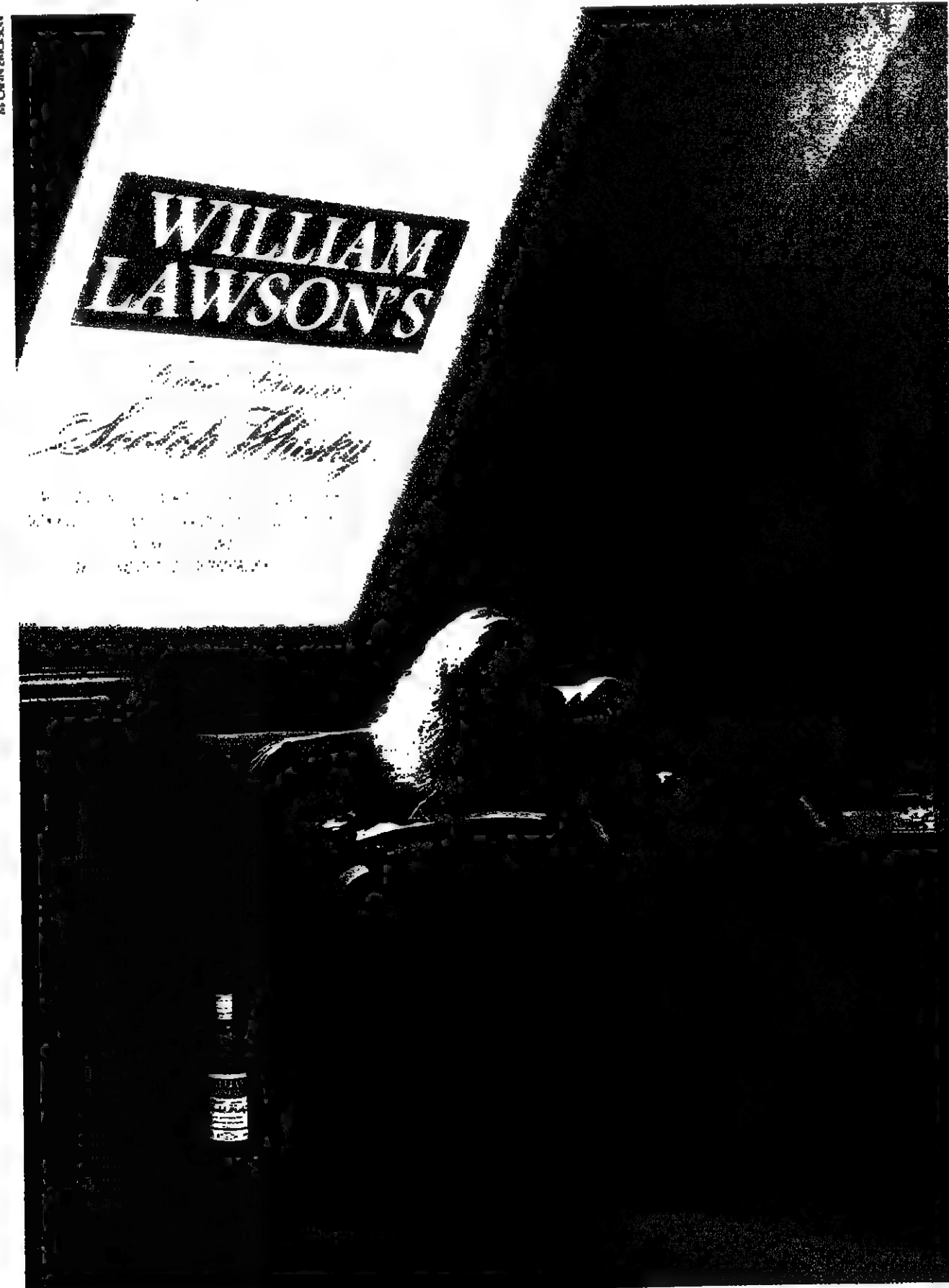
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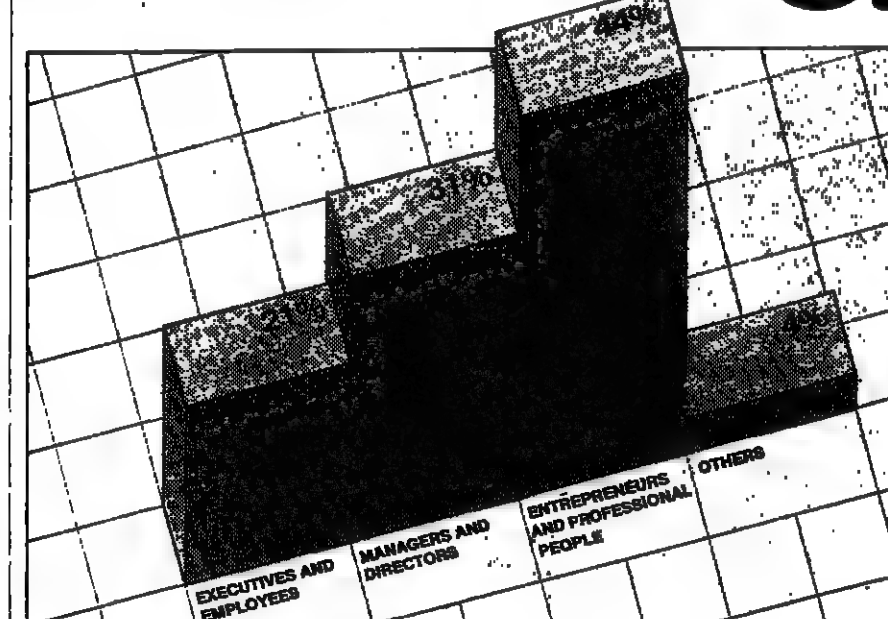
**Tuesday's
AMEX
Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
via The Associated Press


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
(Continued on next page)

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One third of all **II Sole 24 Ore** readers place savings in an investment fund (that's over ten times the Italian average), and 41% own shares quoted on the stock exchange, along with gilt-edged securities, and other fixed-interest bonds. There's more: half of its readers hold a personal credit card (the national average is 2%), and 54% use two or more banks as part of their everyday routine.

Although nearly all (95%) **Il Sole 24 Ore** readers own a colour tv set, they're not great radio or television fans: on average, they only watch television for one hour eighteen minutes a day, while the national average is more than four hours.

 The high purchasing power of **Il Sole 24 Ore** readers is confirmed by the fact that 57% of them run two family cars (national average: 27%), and 20% of them actually own three. And more than half have a car with a capacity of over 1400 cc, the national average being 15%.

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Dollar Little Changed In Sluggish Trading

Compiled by Our Staff From Dispatches

NEW YORK — The dollar closed little changed Tuesday in slow trading as a disappointing report on U.S. housing starts and some overnight selling in the Far East and Europe stalled its strong two-day advance.

Traders said that some short-covering in New York helped the dollar recoup some of the overseas losses and bring it back near the previous day's levels.

The dollar ended at 1.8290 Deutsche marks, unchanged from Monday's close, and at 144.70 yen, down from 144.85. It rose to 6.1055 French francs from 6.1025 and to 1.5220 Swiss francs from 1.5160.

The U.S. currency closed higher against the British pound, which ended at \$1.6295, against \$1.6305 on Monday.

The Commerce Department said that housing starts fell 2.7 percent in May to a seasonally adjusted annual rate of 1.62 million units, the slowest since December 1984. In addition, Americans took out building permits for new homes at an annual rate of 1.48 million, a pace that was 7.6 percent slower than in April.

"The decline in housing starts and permits were much greater than the market thought they would be," said Daniel Holland, vice president of Discount Corp. in New York. "The economic state we've seen still bode for a lower dollar."

Mr. Holland said that the elec-

London Dollar Rates

Currency	Tel.	Mon.
Deutsche mark	1.8290	1.8290
Swiss franc	1.5220	1.5160
French franc	6.1055	6.1025
Japanese yen	144.70	144.85

Source: Reuters

tion victory by Prime Minister Margaret Thatcher's Conservative Party should bolster sterling, "and that could put the dollar under some pressure."

In London, the dollar closed mixed but at the day's highs, encouraged by a U.S. report that the current-account deficit shrank to \$37.12 billion in the first quarter.

The dollar ended at 1.8260 DM, up from 1.8255 Monday, and at 144.25 yen, down from 144.80. It slipped against the British pound, which closed at \$1.6357, up from \$1.6305.

The U.S. currency traded in a narrow range throughout the day, dealers said, possibly buoyed by the unwinding of some long-term short positions.

The pound closed two points higher on its trade-weighted index against 18 major currencies, encouraged by May figures for British public-sector borrowing but still failing to meet predictions of a post-election surge.

In earlier European trading, the dollar was fixed in Frankfurt at 1.8190 DM, down from 1.8240 Monday, and in Paris at 6.0825

Bundesbank Approves ECUs For Private Use

International Herald Tribune

FRANKFURT — The Bundesbank Tuesday approved private use of the European currency unit in West Germany, reversing its stance in what bankers called a small step in deregulating the nation's financial marketplace.

The central bank move, which had been widely expected, enables private citizens to establish ECU-denominated bank accounts as they might with other foreign currencies, and also allows German businesses to use ECUs to settle foreign transactions. The move is effective immediately.

The ECU is the currency unit of the European Monetary System. Germany was the only ECU member to prohibit private use of the ECU.

But the change does not signal a major shift of opinion at the Bundesbank on the ECU's utility as either a pan-European or reserve currency, banking sources said.

"The Bundesbank still views the ECU as an artificial currency," said one economist. "Today's decision is evolutionary, not revolutionary."

French francs, down slightly from 6.0830. It closed in Zurich at 1.5145 Swiss francs, up from 1.5115.

(Continued from first finance page)

da's maverick founder, an inventor with a passion for engines. Mr. Honda revolutionized the motorcycle world with his Super Cub model in 1958. Now Honda manufactures cars, motorcycles, tractors and power tools in 65 plants in 34 countries. Along the way, Mr. Honda gleefully battled government bureaucrats and resisted their attempts to force mergers with other car makers.

From its world leadership in motorcycles and its continuing, expensive commitment to Formula One racing, the company draws its dedication to high-performance engines and its sensitivity to youth and fashion. From Mr. Honda's own individualism, the company developed a management style, rare in Japan, that discourages hierarchy, grants responsibility to young employees, and involves workers of many divisions and levels in the development of new products.

Honda executives are struggling to preserve this spirit as the company grows. "If you don't make a daily effort, people tend to agree with executives, because they have a big influence," Mr. Kume said. "So I tell people that if the president says a crow is white, you have to argue back that a crow is really black."

These principles are put to work both in Honda's research laboratories and on its factory floors, where workers from many departments are included in brainstorming sessions known as *kaizen*, or Japanese expression meaning "improvement." This process is unique among Japanese car companies and is a testament to Honda's management, according to Hiroshi Nakajima, an analyst at Yamachi Re-

Luxury Acuras Off to a Good Start in U.S.

New York Times Service

DETROIT — Honda has proved itself a superb maker and marketer of small cars in the United States. But now, in its boldest move yet in the U.S. market, the Tokyo-based company has reached for affluent customers with its new Acura line, and the early results are promising.

The question is whether Honda will be as successful selling cars with price tags of \$20,000 and more as it has been with cars bearing stickers in the \$8,000-\$15,000 range.

Honda, Japan's largest seller of cars in the United States, entered the top-of-the-line market only last year, and sales began slowly, as buyers took a while to accept the notion of a Japanese car priced above \$20,000.

But the two Acura models, the Integra and the Legend, received rave reviews. As more dealers were added, sales began to increase, and by the end

of the year 52,869 Acuras had been sold, just short of the goal of 55,000.

Sales last month totaled 9,562 cars. On an annual basis that would amount to almost 115,000, exceeding the company's goal of 105,000 for the year.

Honda officials say their goal is to sell 220,000 to 250,000 Acuras a year in the United States by 1990, well beyond the 86,759 BMWs and the 99,314 Mercedes sold there last year. With continued import restraints limiting shipments from Japan, a successful Acura division could trigger more investment by Honda in the United States.

Shoichiro Irimajiri, the head of Honda's U.S. manufacturing operations, said total annual production capacity at its Marysville, Ohio, plant would peak at about 360,000 cars next year. If it appears that more than 100,000 Acura sales a year can be sustained, the company will probably have to build a new U.S. plant, he said.

search Institute of Securities and Economics.

"But what I think is more difficult is the management skill to consolidate these opinions into one plan," he said. "I think this is possible at Honda because people really love cars and have strong beliefs in the car they themselves would want to drive."

Honda also gives relatively more responsibility to younger employees than most Japanese car companies, according to Benjamin Moyer, an auto analyst for Merrill Lynch. For example, the average age of the team that created Honda's City car, which scored a big success here a few years ago, was 27.

In the factory, assembly-line employees work with technical staff to decide how new lines will be laid

out or how costs can be cut, according to Hiroyuki Yoshino, general manager of Honda's Suzuka factory in central Japan. Like other Honda executives, Mr. Yoshino said he tries to give employees maximum freedom.

"At Toyota, they tell people to use the right leg or the left leg when performing a task on the assembly line, Mr. Yoshino said. "Toyota seems like a very efficient operation, but there may not be so many happy people there. Honda may be less efficient, but in the long-range perspective, there may be more energy for growth."

Mr. Nakajima, the auto analyst, said that Toyota has led in cost efficiency, because Honda makes more of its own parts at greater expense. But he said that Honda is trying to narrow the gap through a

Although Honda was able to increase sales in the United States despite a late start, it is harder to move as quickly in Japan, where entrenched companies command considerable loyalty, said Seiji Tanaka, a Tokyo-based general manager for North American sales.

"In Japan, if you talked about a car, it was Toyota or Nissan for a long time," he said. "In the United States market, people judge a good thing is good without looking at the history of it."

Hirobumi Nakamura, a senior Honda managing director in charge of domestic marketing, said that the general image of Honda in Japan is that it puts a lot of effort into research and development, and that Honda engines have good fuel efficiency. "But Honda doesn't have a good image of an extensive sales network, durability or service," he said.

Toyota's sales force, for example, is more than five times the size of Honda's, he said. Honda has been working for four years to revamp dealers and increase its sales force, and has reflected to redesign several of its cars to reflect changes in the domestic market.

Honda will also soon face stiffer competition abroad, both from U.S. automakers and a host of new small-car entrants led by South Korea. One of Honda's strategies to stand apart from the crowd was the introduction last year of the Legend and Integra models, Honda's bid for the luxury market.

Moreover, according to Geoffrey Wilkinson, an auto analyst for Salomon Brothers in Tokyo, Honda should be able to exploit its head start in local manufacturing to bolster its sales and increase dollar-based revenue as a hedge against the strong yen.

Tuesday's OTC Prices

NASDAQ Prices as of 4 p.m. New York time. Via The Associated Press

12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. CHG

294	16	ADC	154	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
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SPORTS

The Lakers Have a Winning Coach, Too

By Roy S. Johnson
New York Times Service
INGLEWOOD, California — Pat Riley, a former journeyman player in the National Basketball Association, proved himself long ago to be a capable coach.

After six seasons as the dashing focal point of the Los Angeles Lakers, Riley is firmly entrenched as the coach with the highest winning percentage for the regular season and in the playoffs.

His teams have reached the NBA finals in five of those seasons, winning three titles, including the 1987 championship they earned Sunday by trouncing the defending-champion Boston Celtics, 106-93, to clinch the series, four games to two.

This season Riley also proved to be a masterful manipulator. He inspired such talented players as James Worthy, Earvin (Magic) Johnson, Byron Scott, Michael Cooper and even the 40-year-old Kareem Abdul-Jabbar to dismiss the indignity of the 1986-87 season (when the Lakers lost the Western Conference final to Houston, four games to one) and to achieve, for some, their best seasons.

This season, Los Angeles boasted the league's best record, 65-17, and won 15 of 18 playoff games.

And yet for all his team achieved, Riley, drenched in champagne in Sunday's locker

room, said the Lakers were not crafted in his image. "I hope they never become known as a 'Pat Riley team,' to where their style is accused of being indicative of the coach," he said.

"I feel great. But it wasn't as enjoyable for me because I felt we had to continue to work and push in order to reach our goal. I won't savor it as much because I felt we had to win. It was simply our turn."

"From the moment we arrived at [training] camp, Pat made it clear that we were not going to do what we did last season — thinking we could just turn it on for the playoffs," said Bill Berka, an assistant coach. "He said, 'We're gonna drive through the season, drive through the playoffs, then drive to the championship.' Pat drove us from beginning to end."

History will probably never honor the 1986-87 Lakers for their heart — too much Hollywood and too many flashy purple-and-gold tie breaks will see to that. But no team has ever been more determined to live up to its expectations, something it proved in the second half of Sunday's contest.

Trailing by five points at intermission and faced with the reality that a decisive seventh game would be a major risk, Los Angeles simply crushed what remained of Boston's resolve. Utilizing their prime asset — quickness — the Lakers tilted the Celtic crown

with an 18-2 surge at the start of the third quarter. Then they knocked it away by building a 19-point margin early in the fourth.

"We were beginning to feel the pressure," Riley conceded. "We didn't want to see a seventh game. All I know now is that we played a proud franchise and came away with the championship."



Pat Riley, the driver.

If despite his protests Riley embodies the Lakers' unrelenting spirit, he must share that laurel with Johnson. The most valuable player in the regular season, Johnson rolled to his third MVP play-off award series; the 27-year-old guard shot 52 percent from the field, averaged 26.2 points, 13 assists and 8 rebounds in the final six games.

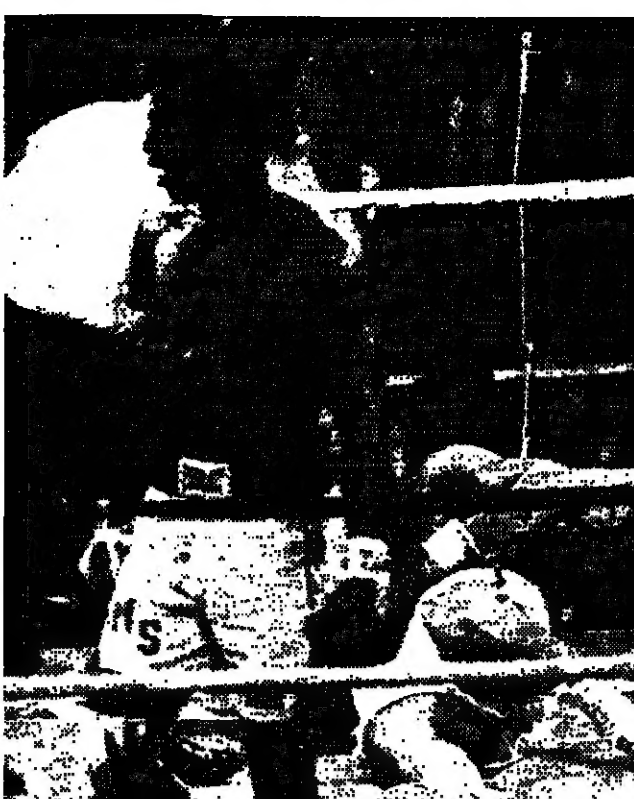
And some of the credit for the title goes to Jerry West, the general manager whose acquisition in February of Mychal Thompson, a 6-foot-10 (2.08-meter) center, from San Antonio in exchange for two obscure players and two future draft choices, was the final cog in the championship drive.

Thompson proved to be the player for whom the Celtics, ravaged by injuries, had no response. Thompson scored 67 points and grabbed 31 rebounds in 171 minutes in the series. All seven Boston reserves scored only 97 points and managed 51 rebounds.

"I don't know if San Antonio is helping them celebrate," said a disgruntled Larry Bird. "But they should."

But what of next season? The sweat and champagne had not been gone for long before Riley was welcoming his task. The fall of the Celtics extends the list to 18 consecutive championship teams that have failed to defend their titles.

"I will guarantee you," Riley said, "we're gonna repeat."



Spinks Stops Cooney in 5th

Michael Spinks unleashed a ferocious attack Monday night, decking Gerry Cooney twice in the fifth round to win a scheduled 15-round heavyweight fight in Atlantic City, New Jersey. Cooney was falling a third time when referee Frank Cappuccino stopped the bout at 2:51 of the round. At 208½, Spinks was outweighed by 29½ pounds; his record is 31-0, while Cooney, who had fought only seven rounds since losing to Larry Holmes in 1982, is 28-2. Spinks won the IBF crown from Holmes in 1985, but was stripped in February for failing to fight top-ranked Tony Tucker.

In Switzerland, Givens, a goal-scorer through 408 English League games and 55 Irish internationals, found his mettle as a sweeper — the thinking man's position used, bar Britain, across the whole of Europe.

His achievement is broader. Let Liverpool's unsolicited letter bear testimony.

"This town, which does not always take kindly to strangers, has adopted Don as one of their own. His fine play on the field and his fine character off the field has literally won the hearts and minds of the Neuchâtelians."

"At first he was heavily criticized, he was not scoring goals like everyone expected. But he did not falter, and he has been the inspiration, the moral leader, for the whole team."

A crazy thought strikes me. Givens was 32 when he began inspiring a pleasant soccer backwater. Schumacher is 33, infinitely richer, infinitely more famous. Maybe it's not too late for a mellow and honorable change in the man.

SCOREBOARD

Tennis

Wimbledon Draw

The draw for seeded players in the Wimbledon tennis tournament, June 20-21 at the All-England Lawn Tennis Club.

MEN

Boris Becker, 1, West Germany, vs. Andre Agassi, 16, U.S., in the first round.

David Pate, 15, U.S., vs. Boris Becker, 1, West Germany, in the second round.

Tim Mayotte, 16, U.S., vs. Jean Pierson, France, in the first round.

Jimmy Connors, 7, U.S., vs. Marty Davis, U.S., in the first round.

Mats Wilander, 3, Sweden, vs. qualifier, in the first round.

Pat Cash, 11, Australia, vs. Mike Freeman, U.S., in the first round.

Todd Martin, 12, France, vs. Brad Drewitt, Australia, in the first round.

Michael Mead, 5, Czechoslovakia, vs. Mike DeLoach, U.S., in the first round.

Goran Ivanić, 13, U.S., vs. Stuart Ball, Britain, in the first round.

Anders Järrn, 18, Sweden, vs. Henrik Sundström, Sweden, in the first round.

Stefan Edberg, 6, Sweden, vs. Stefan Eriksson, Sweden, in the first round.

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Baseball

Monday's Line Scores

AMERICAN LEAGUE

DETROIT 8, MILWAUKEE 5

MINNESOTA 9, KANSAS CITY 5

NEW YORK 7, BALTIMORE 4

CHICAGO 6, CLEVELAND 3

PITTSBURGH 4, ST. LOUIS 3

ATLANTA 5, PHOENIX 4

TEXAS 4, HOUSTON 3

SEATTLE 4, SAN FRANCISCO 3

WASHINGTON 4, OAKLAND 3

LOS ANGELES 4, CALIFORNIA 3

INDIANAPOLIS 4, CINCINNATI 3

ST. LOUIS 4, KANSAS CITY 3

ATLANTA 4, PHOENIX 3

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Blyleven's Homer Hex Broken by 4-Hit Shutout

Compiled by Our Staff From Dispatches

MILWAUKEE — Serving up home run balls has been a trademark for Bert Blyleven, but on Monday night he put that reputation to rest.

The 36-year-old right-hander ended a streak of 20 straight games in which he had given up at least

BASEBALL ROUNDUP

one homer. He pitched a four-hitter for his third complete game of the season in leading the Minnesota Twins past the Milwaukee Brewers, 5-0.

It was Blyleven's 55th career shutout, tying him with Steve Carlton for second place among active pitchers; Don Sutton leads with 58. "I'm very happy I got the shutout," he said. "And I'm glad the streak is over. I really don't want to start another one. I can't explain it — I just go out there and try to pitch consistently."

The Twins took a 4-0 lead in the fourth inning on a run-scoring single by Roy Smalley and Randy Bush's three-run homer. Kirby Puckett and Kent Hrbek opened with singles off Bill Wegman. Gary Gaetti struck out, but Smalley singled to left, scoring Puckett before Bush put a 2-2 pitch over the wall in right-center.

Blyleven, who struck out six and walked two, ran his lifetime record against Milwaukee to 20-13. "That's as effective as I've ever seen him pitch," said Tom Trebelhorn, the Brewers manager. "We just didn't do much of anything against him. I don't know what our problem is against him."

Tigers 2, Blue Jays 1: In Toronto, Jesse Barfield played Alan Trammell's base hit into an RBI triple that helped Detroit to its eighth victory in 10 games. In a scoreless game, Bill Madlock was on first base with one out in the Tiger fourth. Trammell hit a low liner to right, and Barfield lost the ball in the setting sun; he stood with his arms up in the air as the ball rolled to the wall for a triple. Trammell scored when Larry Herndon hit a sacrifice fly. "I just never saw the ball," said Barfield, a gold glove outfielder. "If the ball had been another few feet in my direction, it would have killed me."

Athletics 7, Royals 6: In Kansas City, Missouri, Tony Phillips hit a two-run homer in the ninth that put Oakland ahead, and right fielder Mike Davis preserved the lead in the bottom of the inning by throwing home to nail Danny Tartabull, who was trying to score on Bo Jackson's one-out single.

Rangers 9, Angels 7: In Anaheim, California, Pete Incaviglia, who had struck out six straight

times, hit home runs in his first two at-bats and powered Texas over California. Incaviglia hit a two-run homer during a four-run first and connected with the bases empty in the third. He and Pete O'Brien, who homered in the first and had an RBI double in the third, had three hits apiece.

Yankees 9, Orioles 2: In New York, Mike Pagliaro drove in four runs — three with a sixth-inning double — as the Yankees sent Baltimore to its 11th defeat in 12 games.

Mariners 8, White Sox 2: In Seattle, Lee Guetterman and Jerry Reed combined on a five-hitter and Domingo Ramos hit a three-run, inside-the-park home run that helped the Mariners breeze past Chicago. Ramos's sixth-inning homer came on a ball that caused right fielder Ivan Calderon and center fielder Ken Williams to collide. Guetterman (4-0) gave up two runs in his 5½ innings. Reed pitched one-hit relief for his first save of the year.

Expos 4, Mets 6: In the National League, in Montreal, 11-year veteran Dennis Martinez pitched a three-hitter that shut out New York, handing Dwight Gooden his first loss since returning from drug rehabilitation. Martinez, signed this spring as a free agent and brought up from Indianapolis on June 8, walked three batters and struck out six. He did not allow a runner past second base. Gooden (3-1) gave up seven hits and four runs in seven innings.

Astros 4, Reds 6: In Houston, Mike Scott had a career high with 14 strikeouts in leading the Astros past Cincinnati. Scott gave up seven hits and no walks in eight innings-plus. Dave Smith finished up, completing Houston's sixth combined shutout of the season. Bill Doran, who had been in 2-for-26 slump, homered off Bill Gulderson in the sixth for the game's first run.

Pirates 3, Cardinals 1: In St. Louis, rookie right-hander Mike Lueke, making his third major league start, pitched a route-gone three-hitter as Pittsburgh downed the Cardinals. The Pirates had acquired Dunne as part of the April 1 trade that sent catcher Tony Pena to St. Louis. The other two players in the deal helped Pittsburgh end the Cardinals' four-game winning streak: Andy Van Slyke had the game-winning hit, while Mike La-Valliere drove in the game's first run.

Phillies 3, Cubs 2: In Chicago, Steve Bedrosian pitched the ninth to earn his league-record ninth consecutive save as Philadelphia handed the Cubs their fifth straight loss.

(UPI, AP)

Blurred Lines: After a Tell-All Book, a Hypocritical Silence

International Herald Tribune

LONDON — The sporting line between dedication and disgrace becomes ever more blurred. Trying to define proper behavior is like shooting toward constantly moving goalposts.

Harald Schumacher, West Germany's goalkeeper through 76 international matches, finds profit on both sides of the line. His annual income from endorsements and endorsements is \$300,000 (\$490,000). This year it may triple. He has just sold himself to a new club, and his best-selling book "Ampliff" (Kick-off) is being reprinted in 10 languages including Russian.

Half of West German soccer, the official half, is ostracizing Schumacher for his allegations about rampant drug-taking and sexual antics among top West German players. Not at all the stuff to read to the children.

The other half applauds a man honest and courageous enough to blow the lid, to admit soccer is as corrupt as other sports.

Our blurred line is heavy with hypocrisy. Who are the hypocrites, and who the truth-seekers depends on your perception of sport in today's society.

For Schumacher were No. 1 in the finals of 1982 and 1986. Neither

FIFA nor the West German soccer federation penalized him after his declared lack of remorse for the horrific 1982 foul that broke the jaw and damaged the spine of Frenchman Patrick Battiston.

But the pen is mightier than the forearm. Once Schumacher's autobiography was released this spring, he was stripped of the captaincy of club and country, banned for life from the national team and kicked out after 16 years with Cologne.

No trial. No investigation into his detailed and specific allegations. No attempt to ascertain the truth.

Schumacher was given the same chance he gave Battiston in the 1982 World Cup. He was in the way and he had to be removed.

Hypocrisy? Consider the words Franz Beckenbauer, the West German national team manager, himself wrote ten years ago: "There are all kinds of medical aids still permitted in the Bundesliga to help the players reach peaks of stamina and endurance. Pills are swallowed and injections used."

Beckenbauer's opinion of his captain's book? "Dumber than I had thought." For Schumacher's tongue had run riot, naming names, spelling out the doped cocktails swallowed by himself and teammates.

ROB HUGHES

The stimulant Ephedrin, claims Schumacher (through French ghostwriter Michel Meyer), was a favorite at Cologne. They "ran like scalded cats. ... I felt like a grand prix car at full revs. I didn't feel injuries. I could have gone on and on."

Schumacher admits he was the supplier at Cologne and that a Bayern Munich player, a minor international, was the "walking chemist."

Added to that, there is Schumacher the advocate: "We are not enough, the doctors a few call girls who are medically supervised? Better to have organized love sessions than let the young players scurry off to the nearest town and perhaps catch VD in some sleazy, rundown brothel."

And to think the West German federation believed, according to its 1986 World Cup handbook, that self-hypnosis was the secret to Schumacher's strength.

Just what the DFB's Fussball Bund thinks of his revelations, or whether they are indeed true, we don't know.

An instant poll among 216 players has resulted in 31 claiming that "dope taking is prevalent in the Bundesliga." And three interna-

tionals came up with three readings of Schumacher's indictment: Actionable rubbish, says Hans-Peter Briegel; ratings not to be taken seriously, claims Rudi Voller; merely making public what has been known for years, according to Pierre Littbarski.

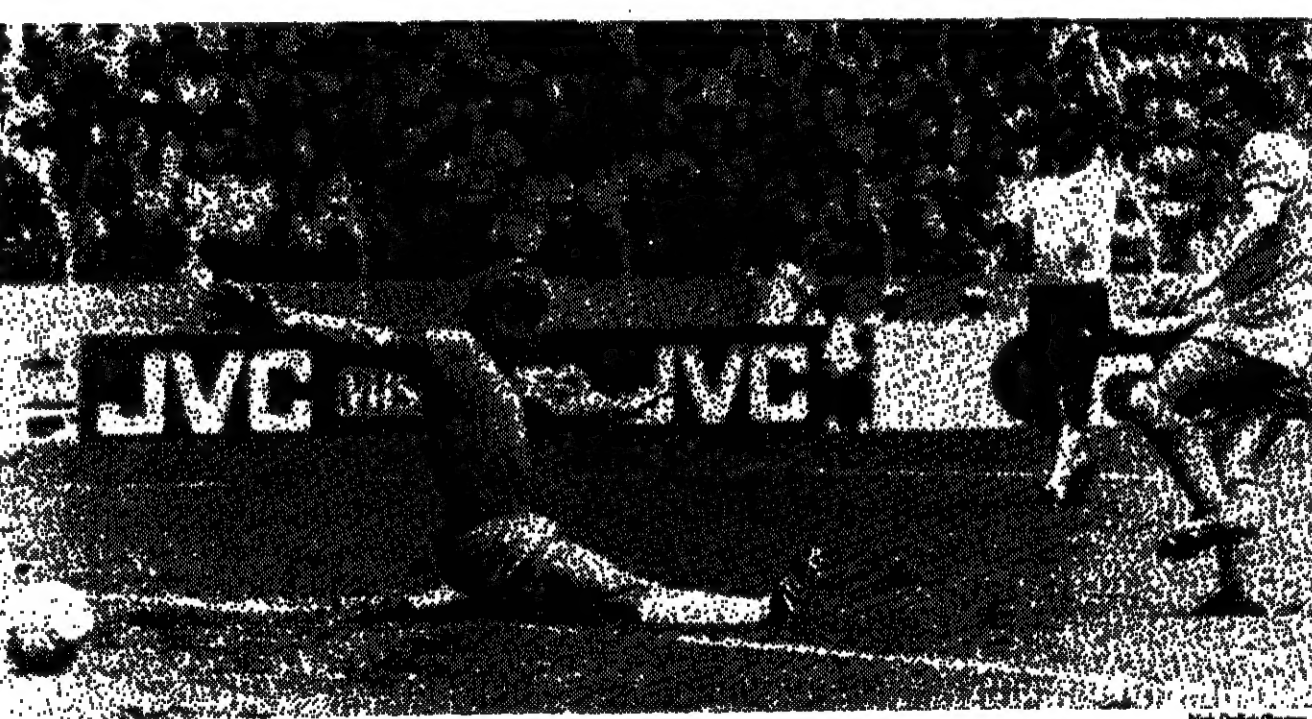
From the outside, how can we tell? But either West German society is more lenient than we believe or there are powerful reasons that no investigation, no legal redress against Schumacher, has begun.

Perhaps the lawyers there are less interested in making money and names for themselves off sportsmen's backs. Or perhaps Schumacher, as he insists, is telling the truth nobody wants to hear.

Nobody is a relative term. "Ampliff" sold 70,000 copies in 10 days and is headed toward becoming a worldwide best-seller.

And Schumacher, having considered suing the federation, settled for buying his freedom from Cologne (for \$24,000) and selling himself this week to Schalke. His new club is the last West German haven for a disgraced but still unrivaled goalie. For Schalke knows the meaning of stigma, having in 1971 been caught in the nation's major match-fixing scandal.

The soccer folk of Geislerkirchen



West German goalkeeper Harald Schumacher, watching Frenchman Michel Platini's shot get past him at the 1986 World Cup.

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